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NEWS SUMMARY

GENERAL

Icy blast brings Britain to halt

Britain froze to a standstill as biting gale force winds blew straight from the Russian Steppes. Road and rail travellers encountered some of the worst conditions of the winter. The eastern side of Britain was paticularly hard hit. A train due in York at 10.20 a.m. from London was six hours late. Last night police were advising motorists in the North of England to stop at home.

Growing crops of spring vegetables in the West Counrty have been virtually wiped out by the freezing weather and British growers are discovering that French farmers are cornering the market in wheat seed for spring sowing.

At least 14 Danish fishermen were feared lost in four trawlers thought to have sunk in the North Sea through over-icing.

A British frigate and a Russian vessel joined forces off Portugal to rescue survivors of a sinking freighter caught in a storm. Back Page, Page 2

Gunmen seize Tehran embassy

The Moroccan Embassy in Tehran was reported last night to have been occupied by 50 gunmen said to be looking for agents of the Shah's secret police SAVAK.

There were estimates that 700 people had been killed in major clashes between rival forces in the north-west Iranian city of Tabriz. Page 4

Airliner attack

Air Rhodesia announced last night that another of its Viscounts flying between Kariba and Salisbury had been attacked by guerrillas. It was hit by ground fire and five bullet holes were found. Page 5

Uganda invasion

Tanzanian forces are reported to have penetrated deep into Uganda to the west of Lake Victoria and are said to be pressing on towards Masaka, 80 miles from the Ugandan capital, Kampala. Page 4

Britons to go free

Saudi Arabia is to release 28 British prisoners, some of whom have been under threat of flogging, in honour of the Queen's three-day visit.

Devolution poll

About 49 per cent of Scots would vote Yes if the devolution referendum was held now, according to an opinion poll published in today's Scotsman. There would be a 33 per cent No vote and 4 per cent would not vote at all. Don't Knows would account for 13 per cent. Page 14

Shooting 'justified'

Verdict of justifiable homicide returned by jury at Southwark, London on Michael Calvey, shot dead by a detective in South London in December. His widow says she will prosecute the officer privately for murder or manslaughter.

Briefly . . .

Explosion in a Savings Bank branch in Warsaw killed at least 10 people and left scores wounded. Page 3

Cardboard box containing explosives was defused outside the Common Market Council of Ministers' building in Brussels.

Rally in London of more than 1,000 licensees backed a campaign to bar thugs from pubs.

Commander James Nevill, 51, former head of Scotland Yard's bomb squad, was "satisfactory" after heart surgery.

Israeli footballer Avi Cohen arrived to consider a reputed 200 000 transfer deal to play for Liverpool.

BUSINESS

Equities fall 6.8; Gold up $7\frac{1}{4}$

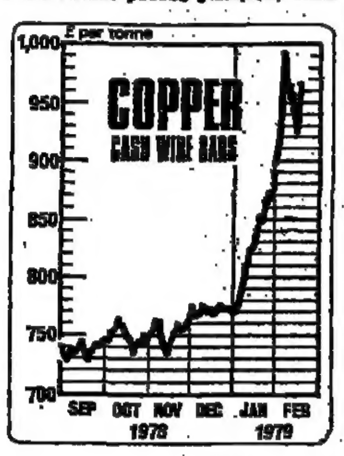
● EQUITIES eased on fears of a rise in the inflation rate and worries about profit margins. The FT 30-share index closed 6.8 down at 450.6.

● GILTS eased, the Government Securities index closing 0.20 down at 65.19.

● DOLLAR lost ground in thin trading, but its trade-weighted depreciation remained at 8.4 per cent. Sterling fell 10 points to $2.0040, its trade-weighted index easing to 63.6 (63.7).

● GOLD rose $7¼ to close at 247⅞.

● COPPER prices jumped, cash



wirebars closing £46.5 up at £968.5 a tonne.

● WALL STREET was 3.29 down at 826.49 near the close.

Lucas reaches new accord

● LUCAS INDUSTRIES has reached agreement with the Government and trade unions on examining union proposals for alternative products and on the increased number of jobs that can be saved from the closure of its Liverpool and Bradford aerospace plants. Back Page. New Analysis Page 12

● EXCHANGE controls and restrictions on the use of sterling in third party trade should be abolished, the Committee on Invisible Exports told the Wilson Committee on financial institutions. Back and Page 9; Editorial Comment, Page 24

● U.S. Securities industry's self-regulation of options trading was attacked in a Securities and Exchange Commission staff report, which urged stricter regulation of options markets. Back Page

● BANK HANDLOWY is negotiating a $500m loan with eleven international banks. It is the first major commercial fund-raising operation launched by a Polish borrower in more than a year. Page 33

● BRITISH Shipbuilders and Bristol Channel Shiprepairers meet next week to discuss the latter's bid to takeover Falmouth Shiprepairers. Falmouth Closure Page 22

● MOST UK companies operating in South Africa set conditions which curtail the negotiating freedom of black workers, but appear to be adopting an "encouraging" position on African wage rates, according to Mr. John Smith, Trade Secretary. Page 14

● PRICE COMMISSION has reduced by more than a third planned holiday cost increases at eight major camps operated by Butlins. Page 10

● RANK Organisation is seeking more areas for expansion, according to the chairman, Mr. Harry Smith. Page 27

COMPANIES

● TAYLOR WOODROW shares dropped 33p to 347p in London, after the company announced a disappointing 1978 profits estimate and an £18m rights issue. Page 26 and Lex

● BERNARD WARDLE raised pre-tax profits in 1978 to a record £1.52m (£1.06m). Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Bass	158	− 6
Exchequer 3pc 1981	£85	+ 1/16	Beecham	608	− 9
Edin. & Gen. Inv.	38	+ 4	Blue Circle	244	− 8
Eurotherm Intl.	285	+ 8	Channel Tunnel	95	− 5
Kean & Scott	32	+ 6	Crellon	14½	− 3
Lindsay & Williams	98	+ 4	GEC	318	− 5
McCorquodale	293	+13	Glaxo	465	−12
Man. Agcy. & Music	127	+ 6	Hawker Siddeley	200	− 8
Milford Docks	190	+10	ICI	357	− 6
UK Property	25½	+ 3	Lloyds Bank	280	− 5
Wilmot-Breeden	88½	+ 7	MFI Furniture	222	− 5
Consine Riotinto	286	+ 6	Reliance Knitwear	45	− 3
Doornfontein	325	+16	Royal Insurance	325	− 8
UC Investments	280	+ 8	Taylor Woodrow	347	−33
FALLS:			Waring & Gillow	125	− 4
Treas. 15½pc 1996	£108¾	− ⅜	Whitbread A	98	− 2½
Averys	197	−11	Siebens (UK)	280	−18

Two Gulf states add 7-8% to light crude oil prices

BY KEVIN DONE, ENERGY CORRESPONDENT

Abu Dhabi and Qatar have raised the price of their light crude oils by 7 to 8 per cent above the levels officially agreed by the OPEC countries in December.

The two Gulf states are the first OPEC producers to push prices above the levels already agreed for 1979. But with the loss of Iranian oil exports making an increasing impact on world oil markets, other OPEC members, particularly Algeria, Libya and Nigeria, could soon demand higher premiums for their much sought-after lighter grades of crude.

The higher prices for the first quarter will take immediate effect with overnight increases of $1.02 a barrel for the highest premium crudes. Abu Dhabi has also spelled out detailed quarterly increases for the rest of the year. By the fourth quarter prices for its Murban and Zakum crudes will have risen just over 23 per cent, including planned OPEC increases, compared with the fourth quarter of last year.

The equivalent 12-month price rise for Arabian light, the marker crude from which most other prices are calculated, is still 14.5 per cent as agreed by OPEC in December. Unconfirmed reports yesterday, however, suggested that Saudi Arabia is also considering an additional increase in the official price of its Berri crude, the lightest oil it produces, which is similar to the premium grades produced by Abu Dhabi and Qatar.

The move by Abu Dhabi and Qatar to charge a higher premium follows a week-long tour earlier this month by Dr. Mana Said al Oteiba, the United Arab Emirates' Oil Minister and president of OPEC, to Riyadh, Kuwait and Qatar.

Dr. Oteiba, who was appointed president of OPEC at its last meeting in December, has strongly criticised the international oil companies for exploiting the crude shortage created by the Iranian crisis. During his Gulf tour he said the companies should return their profits to their rightful owners, as the high prices were severely affecting the under-developed countries.

Esso and BP may list price of petrol Page 8
BP oil search in Yellow Sea Page 8

Spot prices for crude oil have certainly risen dramatically in the last few weeks as competition for scarce supplies has intensified. Spot prices as high as $22-$25 have been asked for some cargoes, but these price levels apply only to a tiny percentage of total world crude trade.

Most crude oil is still changing hands under term contracts at official price levels. But the dramatically high prices gained in isolated spot deals is clearly providing the more hawkish OPEC members with a ready excuse for pressing for a further increase in official prices.

They can also point to the increases gained under term contracts in recent weeks for North Sea crude oil, for which prices have risen by 11 per cent in the first quarter, compared with the last quarter in 1978. In the same period the official OPEC increase for Arabian light marker crude was 5 per cent.

Several of the OPEC producers are also trying to exploit the tight world market by selling more crude on a spot basis. Qatar announced that it is to hold an auction for 500,000 barrels of its light crude for which it is reportedly seeking a minimum price of $23 a barrel.

Qatar has established the new official first quarter price for its Dukhan crude at $15.05

Continued on Back Page

ICI plans plastics price increases of up to 44%

BY SUE CAMERON, CHEMICALS CORRESPONDENT

Imperial Chemical Industries is planning to raise the prices of some of its plastics materials by as much as 44 per cent in March and April this year.

The group says these "unprecedented" price rises have been forced on it by dramatic increases in the cost of naphtha—a plastics feedstock—in the last 10 days.

ICI is the dominant supplier of plastics materials to British manufacturers, so its decision is expected to lead to price rises in a wide range of household products, carpets and many injection-moulded plastic goods.

The group is notifying the Price Commission that it will be seeking increases "considerably in excess of £100 a tonne" in the price of its low-density polyethylene — LDPE — during March and April.

In January, the price of ICI's general purpose LDPE film polymer was £370 a tonne. But there are now plans to put it up to a minimum of £430 a tonne on March 1, with a further rise to at least £470 a tonne on April 1.

It is planning to increase the price of polypropylene from £320 a tonne to £390 a tonne on March 1, and forecasts a further £70 increase on April 1.

ICI said its European LDPE and polypropylene prices would go up at the same time, reflecting "increases already announced by Continental producers."

Last weekend, Shell said its European chemical companies would be raising prices of their polymers by between 20 and 30 per cent. Yesterday, the group said its polypropylene prices would increase by 25 per cent.

Spot price

Ten days ago, naphtha spot prices stood at $225 a tonne, but by the beginning of this wek, they had risen to more than $300

The surge stems from a number of factors, including the halt on oil exports from Iran, a general shortage of light crudes, the current high demand for gasoline—which is also made from naphtha—and Saudi Arabia's decision to restrict production of its own light crudes.

ICI said it expected the prices of ethylene and propylene—from which LDPE and polpropylene are made—to have risen by between 40 and 50 per cent during the first quarter of this year. Ethylene and propylene are both produced from naphtha.

The group added that ethylene and propylene prices were already substantially higher than they had been at the end of 1978. It would "not be able to sustain the continuing heavy losses that are being incurred on the manufacture of polyethylene and polypropylene." It had therefore been forced to look for further price increases on its plastics materials.

The group had originally planned more modest increases in the prices of LDPE and polypropylene.

Last November, it announced price rises of betwen 5 and 10 per cent on its polypropylene, and at the end of January, it said it would be increasing LDPE prices by 10 per cent from the beginning of March. But events on the naphtha spot market have overtaken its plans.

Vauxhall's first profit since 1971

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VAUXHALL MOTORS, the UK subsidiary of General Motors, last year recorded its first net profit since 1971. Profit was £1.976m compared with a £2.18m loss in 1977.

Mr. Bob Price, chairman and managing director, said the results gave "confirmation that out actions over the past few years have been based on a formula for success."

General Motors' rationalisation of its European businesses over the past few years has meant that Opel of West Germany is now responsible for developing passenger cars while Vauxhall, via its Bedford subsidiary, is responsible for commercial vehicles.

That policy has enabled the whole of the Vauxhall range to be revamped since 1975 when its models covered only half the market. Now, after the introduction of the Chevette, Cavalier, Carlton and Royale, the group has an 80 per cent coverage.

The financial benefits were illustrated by the recent introduction of the 2-litre Carlton model which is assembled at Luton. Only £8.5m was invested to bring the car on stream whereas it would have cost Vauxhall well over £100m to bring a new car of its own to market.

Vauxhall's present order books were the biggest in the company's history, Mr. Price said yesterday. It was still building up its workforce "to give ourselves the ability to take advantage of those order books." The weekly average number of employees was 33,344 last year compared with 30,180 in 1977.

Vauxhall's total vehicle sales in 1978 were 261,483 compared

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FEATURES

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Export credits for Iran cut off

By Patrick Cockburn

Cover on new business with Iran was suspended yesterday by the Export Credits Guarantee Department. Existing commitments are not affected. The suspension follows similar moves in the U.S., Switzerland and the Netherlands.

The ECGD has already been notified of some losses, but its total commitment of £900m to Iran is not likely to be seriously at risk. The suspension is largely a consequence of paralysis of the Iranian banking system.

Together with the strikes and the near collapse of communications with Iran it has proved impossible to assess the liquidity of some customers or the standing of a number of Iranian banks. Little cover has been extended since October, when the strikes in Iran began to bite, though some exporters were still approaching the ECGD up to the beginning of this week.

The ECGD is asking exporters insured by it to consult the department before letting further shipments go forward under current contracts. Iranian ports have now been strikebound for several months, so it is virtually impossible for exports to reach their destination.

The overland route from Turkey to Iran was recently re-opened but it is unclear whether customs officers are willing to resume work.

The ECGD's exposure in Iran is not as great as that of its corresponding bodies, Coface of France and Hermes of West Germany. The U.S. Export-Import Bank, with total exposure of $530.4m, (£264m), has recently suspended export guarantees to Iran. It had given no new guarantees since the middle of January.

Ned Crediet, a private company which is the Dutch equivalent of the ECGD, suspended cover for Iran at the end of January. It had already issued cover for $250m (£124m) worth of exports and provisional cover for negotiated, but unsigned, export contracts worth a further $500m.

Iranian debt, Page 35
German group seeks Iran talks, Back Page

£ in New York

—	Feb. 14	Previous
Spot	$2.0085-0100	$1.999-2.001
1 month	0.54-0.49 dis	0.48-0.43 dis
3 months	1.46-1.41 dis	1.39-0.53 dis
12 months	4.90-4.70 dis	4.60-4.40 dis

Short tap runs out: money supply leaps

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT yesterday completed a highly successful week for financing its borrowing needs with the exhaustion of the remaining gilt-edged tap stock. This boosted sales in the last week to probably more than £800m net, after allowing for repurchases of existing issues.

These sales have followed the 1½-point rise in Minimum Lending Rate last week. One of the main reasons for this move was confirmed yesterday with the publication of official figures showing an acceleration in the rate of growth of the money supply.

There were several developments on the budgetary and monetary scene yesterday:

● Mr. Denis Healey, the Chancellor, revealed during Commons questions that the first of the cash limit estimates for 1979-80 would be published within the next week or two. But he would not be drawn on the pay assumptions, or on a possible Budget day. He repeated that public sector borrowing in 1979-80 would be held below £8.5bn.

● Sterling M3, the broadly defined money supply, including cash and bank current and seven-day deposit accounts, increased by 2.6 per cent, seasonally adjusted, in the month to mid-January. Over the first three months of the new target year to October, the rise has been just under 4 per cent, or about 16½ per cent at an annual rate, compared with the limit of 8 to 12 per cent.

● Supplies of the short tap, Treasury 12 per cent 1983, of which £750m was offered to the public a month ago, were exhausted yesterday. This follows the exhaustion of the long tap a week ago. The market expects that a new long-dated tap will be announced this afternoon.

● Special deposits held by the banking system at the Bank of England are temporarily to be reduced from 3 to 1 per cent of eligible liabilities from next Monday.

The deposits, amounting to £742m, will have to be returned in two stages on March 9 and March 30. This is intended as a technical smoothing operation.

The connecting point between these developments is the market's favourable reception of the rise in MLR and of the Government re-affirmation of its borrowing and monetary targets.

The resulting heavy sales of stock have made it more likely that the growth of the money supply will now slacken.

The sharp rise in sterling M3 in the month to mid-January may have been artificially boosted by the failure of the seasonal adjustments to allow for the increased use of certificates of tax deposits.

The result is that the underlying growth of the money supply may have been understated early in the financial year, and possibly overstated now.

However, bank lending in sterling to the UK private sector rose by about £480m, rather more than in recent months, and domestic credit expansion remained at the high level of £839m in the month. This explains some of the unease which led to the higher MLR. But the public sector seems to be having slightly less expansionary impact than previously feared.

In any event, the hope is that the growth of sterling M3 will come back down to the desired rate following the rise in MLR.

But the short-term success of last week's move has created temporary problems since purchases of gilt-edged stock have put pressure on the already squeezed reserve asset position of the banks.

Table Page 14; Lex Back Page

Morpeth talks today

REVISED inflation accounting proposals prepared by Mr. Douglas Morpeth's Inflation Accounting Steering Group go before the accounting bodies' Accounting Standards Committee for approval today.

The proposals are a major development on the current interim proposals (the Hyde Guidelines) and could be published by the end of April. They will probably appear in a document called "exposure draft 24," (ED24 for short) and leading accountants fear this may re-kindle the controversy which brought down Mr. Morpeth's original inflation accounting proposals in mid-1977.

The exposure draft is expected to call for the publication of supplementary current cost (CCA) income statements and summarised balance sheets for all accounting periods beginning on or after January 1, 1980.

Morpeth Mark II, Page 21

DANISH AGRICULTURE

The monetary threat to food exports

BY WILLIAM DULLFORCE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE DANES are keeping out of the front line but are quietly rooting for the French in their present dust-up with the Germans over the Common Agricultural Policy (CAP) and the start of the European Monetary System (EMS). Like the Germans the Danes want to have the EMS operating but they would also be happy if the French succeed in curbing the advantages the German farmers gain from the CAP.

Denmark has been among the most loyal supporters of Herr Helmut Schmidt, the German Chancellor, in his campaign to bring about monetary stability. The Labour government of Mr. Anker Joergensen kept Denmark in the European currency "snake," adapting its economic policies to the needs of currency co-operation even at the cost of higher unemployment. The plan for the enlarged EMS was worked out during the Danish presidency of the EEC in the first half of 1978.

Yet when in December the French blocked the start of EMS by insisting that agreement first had to be reached on cutting back some of the excesses of the CAP, the delighted Danes could scarcely stifle their cheers. They had almost given up hope of getting anybody in the Community to listen to the argument they had been putting about for the last two years, that German farmers were gaining unfair benefits, not only in incomes but also in export markets, from the way in which the CAP was being run.

The crux is the monetary compensatory amounts (MCAs), the system of levies and subsidies originally introduced to the CAP in 1969 as a temporary measure to balance the effect on farm prices and incomes of deviations between the French franc and the Deutsche Mark. The MCAs have since swollen to become the dominating element in the functioning of the CAP and a major item in the EEC budget.

Since it joined the EEC in 1973 together with Britain and Ireland, Denmark has benefitted considerably from the MCAs. Last year, for instance, Danish farm exports to other Community members attracted DKr 1.68bn (£165m) in MCA payments from the agricultural fund, of which DKr 1.39bn went to subsidise deliveries to the UK market. This is much to the advantage of the British consumer but not to British pig and dairy farmers, who regard the MCAs as iniquitous subsidies to high-cost Danish producers.

The Danes experience the iniquities of the MCAs from another direction. They have to bear an 11 per cent levy on their food exports to West Germany, which is their second largest foreign market after the UK. Moreover, the MCAs paid from the agricultural fund on German and Dutch farm exports have enabled those countries to make inroads on traditional Danish markets in third countries, notably in the UK.

Potential new outlets for Danish exports, for instance, for meat and dairy products to Italy, have been crimped by competition from Bavarian farmers whose prices are subsidised by the MCAs.

In 1972 West Germany provided 0.1 per cent of British butter imports, the Dutch supplied 5.7 per cent and the Danes just over 20 per cent. By 1975 the Germans were supplying 13.2 per cent, the Dutch almost 23 per cent and the Danes 17 per cent.

German butter deliveries to the British market have fallen since, to six per cent in 1977 and probably even lower last year, but this is due to the general decline in butter consumption in the UK, the increase in British butter production and the relative constancy of New Zealand deliveries. The Danes now have 15 per cent of the market.

Through the appreciation of the D-mark, German farmers can buy imported raw materials relatively more cheaply than other Community farmers. At the same time the strength of the "green" D-mark attracts subsidies to their exports. As the Danes see it, the rest of the Community is paying to support German farming.

In their view the Germans are trying simultaneously to pursue two different currency policies. Through the EMS they want to ensure monetary stability and check the appreciation of the D-mark. In order to stimulate their industrial production

But they also want to retain the advantages of the "green" currency system used in the CAP for their farmers. This was not the original intention of the CAP which was designed to provide advantages for the Community's agricultural members (France) to balance the benefits expected to accrue to the industrial producers (Germans).

The Danes have become champions of the CAP, the defenders of the original conception. This is readily understood: they export two-thirds of their agricultural produce, the highest ratio of exports to production of any country in the world. In 1977-78 their total net export earnings, including payments from the Community agricultural fund, were over DKr 16bn (£1.58bn). Farm produce accounts for a third of Denmark's total export income.

Moreover, Denmark is the only one of the nine Community members whose regular currency exchange rates are the same as those for its "green." currency. The "green" Krone follows the course of the real Krone. Put in another way, Danish price levels correspond to the Common farm prices

In contrast the "green" Deutsche Mark and German farm prices are some 10 per cent higher than the Danish, while the British are roughly 28 per cent lower. On the British market imports from Denmark benefit from MCAs covering the difference.

These MCAs are in fact paid from the Community fund to Copenhagen. This situation has resulted in contention over whether the MCAs are subsidies to the British consumer or to the Dansh farmer.

The Danes, sticking firmly to the CAP, are in no doubt. The British view is that CAP farm prices are too high anyhow. Britain argues the need for a fundamental reform of the CAP, abolition of the food surpluses it has created and a reduction of the cost of the CAP to the Community budget.

For Denmark it is unrealistic to talk of fundamental changes in the CAP, in which too many Community members have vested interests. But the Danes would be prepared to follow a policy of allowing only small increases in farm prices in the annual reviews and a gradual dismantling of the MCA. But their more immediate concern is to have the advantages of the German farmers curbed.

Honecker leaves on Africa tour

BERLIN — Herr Erich Honecker, the East German leader, left yesterday on a four-nation tour of Africa which will take him to Libya and three of the "front line" states bordering southern Africa—Angola, Zambia and Mozambique.

The 10-day tour will help cement East Berlin's ties with some of its closet political and economic partners in Africa and give Mr. Honecker a platform from which to voice his support for black nationalist movements fighting in Rhodesia, Namibia (South-West Africa) and South Africa.

East Germany has given considerable economic aid to Angola and Mozambique, where left-wing governments took over after the Portuguese pulled out in 1975.

It will be the first visit by an East German leader to Africa and follows one month after Mr. Honecker went to India for talks on developing trade links.

Western diplomats estimate that East Germany has 4,500 advisers in Africa, more than half of them in Angola and Mozambique. East Berlin has denied military involvement in the area and flatly rejected South African claims that hundreds of East German troops are stationed in Angola near the Namibian border.

Reuter

Iceland economy plan threatens to split Government coalition

BY JON MAGNUSSON IN REYKJAVIK

THE THREE-PARTY Icelandic coalition Government is faced with a major crisis, mainly over a deflationary economic package introduced by the Prime Minister, Mr. Olafur Johannesson last weekend.

Leaders of the socialist-dominated People's Alliance have stated publicly that if Mr. Johannesson tries to introduce his measures in the form that the Government proposed in the Althing (Parliament), they will pull out of the alliance. The coalition Government came into office late last autumn, and it has been obvious from the very beginning that the partners have constantly been at odds over most major Government issues.

Mr. Johannesson, who is the leader of the farmer-orientated Progressive Party has borrowed important ideas from the economic platform of the Social Democrats, the third party in the coalition. The Social Democrats, who differ almost totally with the People's Alliance on economic issues, have endorsed the Prime Minister's Bill and urged him to push it through the Althing as quickly as possible.

The economic measures are meant to try to bring the runaway inflation down to manageable levels, but the inflation has been running between 40-50 per cent in Iceland in the past two to three years. The Prime Minister has proposed, among other things, a 5 per cent ceiling on the seasonally adjusted cost of living index. The index is tied directly to the seasonal automatic increases in wages.

The outdated indexation system in Iceland is, in fact, one of the major causes of the ungovernable inflation problem. The next review and increase in the indexation system will take place on March 1. Since there is no chance of the Prime Minister putting his Bill through Parliament in time, the automatic wage increase on March 1 will be around 7-8 per cent pushing the inflation spiral upwards yet again. The Prime Minister suggests that the new 5 per cent ceiling should come into force on June 1. He also proposes that Government spending should be kept below 30 per cent of GNP this year and all public and private spending be kept down to a bare minimum.

The leadership of the People's Alliance along with the leaders of the union movement fears that the new economic measures, if put into force, will lead to "stagflation" and unemployment. "I don't care if the Prime Minister keeps his economic ideas in the Cabinet room until all hell freezes over, but if he brings them into the Althing, that means the end of this Government," said a leading People's Alliance MP in Reykjavik this week.

The trade union movement in Iceland is anxious that the forthcoming oil increases will badly damage the fishing industry and hurt fish export prices in the months to come. This fear follows a stern warning from Icelandic fish scientists who say that the fishing fleet must cut its total cod tonnage down to 270,000 tons this year, from last year's 320,000 tons, for conservation reasons. If the Government consents to this request, it will have a very serious effect on the fish-dominated Icelandic economy. That, in turn, helps to explain why the Socialists oppose measures, which tend to slow down the economy and lower the take-home pay of the rank-and-file labour force.

The shaky coalition Government will most likely survive this crisis, but it is very difficult to see how the Prime Minister's austerity measures proposal will survive in fact during the next few weeks of intense Government infighting. The Socialists are not quite ready to abandon ship, but if they cannot force some of their economic views into Mr. Johannesson's proposal, then Iceland's third Left-wing Government will collapse. The first two did not last out their four-year terms in office, because they too could not solve serious economic and wage problems.

Leber warning on Soviet medium-range missiles

BY OUR BONN STAFF

A GRIM warning of the dangers for Western Europe if the Soviet Union is allowed to increase its lead in medium-range nuclear missiles was delivered yesterday by the former West German Defence Minister, Herr Georg Leber.

In one of his rare public declarations since stepping down last year, Herr Leber appealed to the "top men in the state" to make clear to Moscow the consequences if its nuclear missile build-up continued.

If the Russians failed to limit production of their SS-20 medium-range missiles and to cut part of their current nuclear potential, then the West would have no alternative but to establish similar weapons in Europe, Herr Leber said in a newspaper article.

His comments come at a time of intense defence debate here, sparked off largely by Herr Herbert Wehner, parliamentary leader of the ruling Social Democratic Party. Herr Wehner stressed that detente could be destroyed by new nuclear arms moves in Western Europe and described Soviet weaponry as defensive in character.

In clear contrast to Herr Wehner, a party colleague, Herr Leber noted that the Soviet Union already possessed 600 of the SS-20 missiles which, with three nuclear warheads apiece, could hit 1,800 targets in Western Europe from Soviet territory. He calculated that this nuclear destructive capacity alone was about 360,000 times that of the Hiroshima bomb.

Herr Leber suggested that Western Europe could one day be faced with a conventional attack to which it would have to reply with tactical, short-range nuclear weapons. The Soviet Union would in turn respond with its medium-range nuclear arsenal, to which Europe had no comparable answer.

The United States would then be faced with the decision whether to use its intercontinental nuclear weaponry against the Russians, thus inviting a Soviet strategic response.

Malta searches for a foreign benefactor

BY GODFREY GRIMA IN MALTA

THE PROSPECT of a M£28m (£35m) Maltese budget deficit this year — which will materialise in nine months, after the total closure of British and North Atlantic Treaty Organisation military bases — illustrates how distant economic self-reliance remains for Malta.

The forecast of so hefty a deficit after years of relative abundance, disclosed to Parliament by Dr. Joseph Abela, the Finance Minister, highlights the economic and political problems arising from the closure of the bases in March.

In the immediate future, Malta wil remain unable to sustain growth without heavy dependence on foreign economic assistance. The riddle is to identify who could become Malta's major benefactor: Libya alone, or jointly with France, Italy and perhaps West Germany and Algeria.

What Malta needs most is time for the development of manufacturing industry, tourism, agriculture, ship repairing and transhipment services.

This was spelt out clearly to Mr. Mintoff in 1973 by his then leading economic advisers, Lord Thomas Balogh and Professor Paul Streeton, after they had tried to draw up a seven-year plan to develop Malta so that it would not need to depend on foreign aid once the military bases had closed.

Mr. Mintoff did not accept their ideas. In the event, however, events turned out very much as his two advisers had predicted.

Last October an attempt was made to revise some of the basic seven-year plan targets. The plan may now serve as no more than a guideline. But this March, when the plan expires, Malta will still be looking for an annual M£28m exactly what is being lost in rent for the bases and from the presence of 7,500 troops and their families on the island.

Malta's major difficulty has been the failure to attract industry to provide sufficient jobs and exports by 1979.

Yet in recent years Malta has built up gross national product from £M82m in 1971 to £M353m in 1978 and to increase the active workforce from 96,110 to 116,187.

Total exports of goods and services went up from £M50m to £M239m. This helped to reduce the island's resource gap, when compared to imports, to an all-time low of £M17m last year. In the seven years Mr. Mintoff's ruling Labour Party has been in power the island's reserves rose to £M368m.

These results have not proved enough. Last year, for example, the opening of 27 factories created about 2,764 new jobs, yet because of labour shedding by other factories this was reduced to a net 1,900 extra jobs.

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France denounced over criticisms of EEC steel plan

BY MARGARET VAN HATTEM IN BRUSSELS

VISCOUNT Etienne Davignon, the EEC Commissioner for Industry yesterday attacked France over its unco-operative attitude towards Commission plans for restructuring the European steel industry.

French claims that the plan favoured West German steel producers at the expense of France were unfounded, he said.

Comparisons of crude steel output in 1974 and 1978 showed that France's share of total EEC production had remained constant at 17 per cent while the German share (adjusted upwards to take account of the steel industry strike) had dropped to 32 per cent from 34.2 per cent.

French exports had increased to 8 per cent of its production from 5 per cent over this period, while figures for other EEC member states showed little change.

Meanwhile, France had made less effort than other major steel producing states to cut back capacity

Although M. Davignon mentioned no names, his remarks are seen as an attack on M. Jacques Ferry, the outgoing president of Eurofer (which incorporates all the major EEC steel-producing companies) and on the former French Gaullist Prime Minister, M. Michel Debré. Both men have been critical of the so-called Davignon plan for the steel industry.

M. Debré for example, spoke in the French Parliament this week about the "tyrannical influence of the big German steel cartels" on Community leaders. French criticism is seen in Brussels as an attempt to stir up the issue in advance of direct elections to the European Parliament.

Earlier yesterday, representatives of Eurofer who met M. Davignon, formally accepted that the anti-crisis plan, introduced last year, should continue until the end of this year.

Some doubts about its continuation were raised at the end of last year when Britain and Italy rejected Commission plans to scrutinise all national aids to the steel industry. Germany was reported to have refused to go ahead with the anti-crisis plan unless they yielded on this point.

Jenkins backs inquiry call

MR. ROY JENKINS, president of the European Commission, said yesterday that the Community was being divided by the row over Press allegations that his German colleague, Herr Wilhelm Haferkamp, was incompetent and had made extravagant use of his expense account.

Mr. Jenkins supported the European Parliament in asking the EEC Audit Court to carry out a full investigation into the representation expenses paid to Commissioners. He promised to co-operate fully with the inquiry and to discuss the court's findings with the Parliament.

The dispute began over an article in the Economist which was highly critical of Herr Haferkamp's performance as Commissioner for External Affairs and accused him of lavish spending on personal comfort while travelling abroad.

Several German newspapers have suggested that the article was part of an officially-inspired plot to discredit EEC free trade policies in the person of Herr Haferkamp, who is also its chief trade negotiator. Similar accusations have been made by Count Otto Lamsdorff, the West German Economics Minister.

Mr. Jenkins told the Parliament yesterday that he deplored both the original article and the divisive recriminations to which it had given rise.

He again expressed full confidence in Herr Haferkamp and said the budget for commissioners' representational allowances had not been exceeded during either of the last two years.

Italy payments surplus

BY RUPERT CORNWELL IN ROME

ITALY'S balance of payments surplus contracted last month to reach L423bn (£252m) compared with a surplus of L951bn (£566m) in December last year.

However, supplementary figures released by the Bank of Italy last night suggest that the health ystate of the country's external finances continues after the record payments surplus of L6,896bn (£4.1bn) for the whole of last year.

Although the official payments surplus was slightly down on the L448bn (£266m) registered in January 1978, the total inflow rises to L740bn (£440m) if other commercial banking flows are included.

The central banks announcement is further confirmation of what the foreign exchange markets here have been indicating, that the current Government crisis is having virtually no effect on the lire which has remained in the range of 830 to 840 to the dollar.

Most forecasts, however, are that in the course of this year the payments surplus will diminish assuming that the economic recovery, now underway, goes on.

Swedish orders rise 14%

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDISH INDUSTRY'S order books grew by about 14 per cent in volume last year, breaking the downward trend which had prevailed since 1974. The bulk of the increase came from the export markets, which at the end of the year accounted for 47 per cent of the orders to hand.

The improvement in the order intake was most marked in the second quarter, while the rate of increase slowed down somewhat in the third and fourth quarters, according to the latest figures from the Central Bureau of Statistics. But even in the last quarter the volume of the order intake was still 10 per cent higher than in the last three months of 1977.

The Bureau points out, however, that industrial order books are still very low compared with 1973 and 1974. While most companies anticipate higher production and better prices this year, investment plans show that managements have a cautious attitude towards the recovery.

Deliveries from the pulp and paper mills in the last quarter of 1978 were about 7 per cent larger in volume than in the corresponding period of 1977, while the order intake grew by 19 per cent. The mill's order books at the end of the year were about 46 per cent higher in current prices than they were 12 months earlier.

Several killed in Warsaw blast

BY CHRISTOPHER BOBINSKI IN WARSAW

AN EXPLOSION in a brnach of the PKO Savings Bank in the centre of Warsaw yesterday left at least 10 people dead and scores wounded, according to first official estimates. The explosion happened just before 1 am and wrecked the inside of the two-storey building and breaking windows nearby.

About 80 people, mainly women, work in the branch and it is estimated that over 300 people were inside at the time. The bank is not only busy around midday but is also a favourite meeting place, thanks to its position in the middle of the city.

The cause of the blast is not yet known but the building is not thought to have gas installations. The city authorities have appointed a commission of inquiry and announced aid for the victims and their families.

French jobless total increases

By Terry Dodsworth in Paris

THE FRENCH Government's repeated warnings that the unemployment situation was unlikely to improve early this year were borne out yesterday in a glomy set of figures showin a sharp rise in the number of workers looking for jobs.

Coming on the eve of the planned strike in the steel industry, which has already suffered from serious rioting because of the swingeing cutbacks in employment, the statistics will give no comfort to the Labour Ministry.

They show that the number of job-seekers went up by 2.1 per cent, from 1.33m to 1.36m, during January, and that in the last 12 months the increase has been some 220,000 people. In the Lorraine area and Nord-Pas-de-Calais the two main steel-making regions, unemployment rose during the year by 31.8 per cent and 32.4 per cent respectively.

The situation is being aggravated by the decline in the number of jobs on offer—down from 71,200 in December to 69,700 in January—and the length of the time it takes for the unemployed to find new work.

The seasonally-adjusted figures show a similar pattern, with the number of job-seekers going up by 1.5 per cent in the last month, from 1.22m to 1.26m.

Faced with this unpromising picture, the Government now seems to be digging in grimly for what will undoubtedly be a testing six months for its industrial strategy. M. Robert Boulin, the Minister of Labour, has made it clear that he does not see any improvement coming in the next few months, following the large number of recently announced redundancies, company failures, and bankruptcies.

The one bright spot for the Government is that industrial output appears to be picking up. According to official figures, it rose by 1.5 per cent in December, and achieved a rate of 3.2 per cent in the last three months of the year.

Super-summit proposal from Giscard

By Robert Mauthner in Paris

PRESIDENT Valery Giscard d'Estaing yesterday proposed that Western Europe, the African states and member countries of the Arab League should try to create a new system of closer cooperation including periodic meetings of their Heads of Government.

The President did not spell out in detail his proposal, made during a long press conference devoted exclusively to foreign affairs. But he said that the great changes which were currently taking place in international relations required a tightening of the historical links between the three regions. Both security and economic development problems could usefully be discussed at joint meetings.

M. Giscard d'Estaing said that his proposal would be one of the main items on the agenda of his forthcoming meeting with President Nimeiry of Sudan.

Turning to international security questions, the French President confirmed that France had no intention of participating in eventual SALT III negotiations which would deal with the so-called "grey area" of strategic nuclear weapons targetted on Europe. M. Giscard d'Estaing expressed extreme scepticism about the outcome of such negotiations, which, because of their complexity, had little chance of succeeding.

On the subject of European co-operation, M. Giscard d'Estaing devoted most of his remarks to an attack on the position adopted by the Gaullist party towards the forthcoming European elections.

Castigating what he described as the "xenophonic appeals and attempts to resuscitate the old enmity between France and Germany" which were currently being made in France, M. Giscard d'Estaing said their authors were guilty of offences against history and France.

Storms damage Portuguese refineries

BY JIMMY BURNS IN LISBON

OIL SUPPLIES in Portugal could be put at risk over the next few days because of the damage caused at the country's two main refineries by continuing bad weather.

The Portuguese Cabinet, meeting in emergency session yesterday, allocated a total of $50m worth of special relief funds to key Ministries and local authorities battling with the havoc wrought nationwide by more than a week of storms and torrential rain.

The more immediate concern of the Cabinet, however, appears to have been with ensuring crucial supplies now that the refinery at Leixoes in northern Portugal has been crippled and the port at the refinery at Sines, south of Lisbon, has been partially destroyed.

continued to suffer the dual

Meanwhile, Lisbon yesterday afflictions of an almost completely paralysed telephone system and severe water shortages.

Schools and a number of public buildings were closed for the second consecutive day, and thousands of citizens queued by emergency water tanks provided by the city's fire brigade and the army units. The worst floods in Portugal for more than a century have damaged machinery at reservoirs which usually supply the capital.

The 10-day telephone strike, however, appeared to be nearing its end after union leaders urged workers to consider returning to work. Leaders of the strike committee were hopeful that the Government would reinstate sacked strikers as a first step towards easing the deadlock in the pay dispute.

HEAVY COMPETITION FOR FINANCE FORECAST

Industry versus social services

BY GUY HAWTIN AND JONATHAN CARR IN FRANKFURT

SIG. GIOVANNI AGNELLI, President of Fiat and one of Italy's leading industrialists, yesterday predicted vast industrial demand for capital in the 1980s. But he warned that industry would face heavy competition for finance from the public sector for social spending plans.

Speaking at the Financial Times World Business Conference here on "Finance and Trade in the 1980s," Sig. Agnelli appealed for the international financial community to involve itself more closely with industry.

"In the long run," he said, "the survival of the Western financial and economic system depends on the investment of capital in projects which create real wealth in sufficient quantities not only to remunerate capital itself but also to create the jobs and products to satisfy social and economic needs."

Much productive investment in recent years had merely duplicated existing facilities and technologies, he said. Lack of innovative investment had created world-wide overcapacity in many traditional industries. Under-employed, duplicated plant did not create wealth, but were a constant drain on capital because of the need for massive deficit financing.

He called on the financial community to resist tying up capital in projects of doubtful economic utility. But he agreed that this was not easy, when many projects had been financed "directly from national coffers swollen by higher oil revenues."

There should, he said, be more private investment in industrial equity. If the stock exchanges retained more of their original function as a channel of direct industrial finance, industry's claims on the financial community would be much less pressing.

Other speakers yesterday were the Rt. Hon. Edmund Dell, MP; M. Andre M. J. de Lattre, Managing Director of Credit National; Mr. Gengo Suzuki, Chairman of the Associated Japanese Bank (international); Dr. Guido Carli, President of the Confederazione Generale dell' Industria Italiana; Dr. Irving S. Friedman, senior vice President and senior adviser for International Operations of Citibank NA; Mr. Duck Woo Nam, special assistant for Economic Affairs to the President of South Korea; and Mr. Peter Wallenberg, Chairman of Atlas Copco of Sweden.

Mr. Peter Wallenberg argued that zero population growth and an increasing proportion of the elderly in advanced Western societies was in large part responsible for the current economic climate. The consumer groups, which had blossomed since the end of the last war, had peaked; and although the oil crisis may have precipitated some problems, it was not necessarily the root cause of present difficulties.

There were few new markets available for Western industries, he said. OPEC countries, because of their small populations, had limited capacity to increase consumption. Eastern Europe's trading prospects were curbed by heavy indebtedness to the West and the recession which restricted the West's ability to buy from them. China remained an unknown factor and the needs of the Third World were not for highly sophisticated products.

However, people criticised the market economy for the wrong reasons, advocating far-reaching intervention by government. An inescapable prerequisite for resumed growth in industrial nations was a restored balance between profits and labour costs.

...The Rt. Hon. Edmund Dell, speaking on the pressure for protectionism, said that even in the days of far faster trade growth, barriers to trade had been lowered only after hard-fought negotiations. Today, protective devices of every kind were increasing in number and effect.

While the consumer had a keen interest in freer trade, the consumer's influence on policy had been surprisingly small. Much more important had been the alliance in defence of the West. The need for close political and military co-operation would, within the alliance, continue and with it the need for that structure of economic relationships most consistent with the preservation of the alliance.

Sig. Giovanni Agnelli

Mr. Duck Woo Nam called for the free flow of goods, capital, technology, and even labour between the advanced nations and the developing world. Mr. Nam said that almost all of the less-developed countries — had chosen outward-looking development strategies. Export promotion had been chosen rather than import substitution. Foreign capital and technology had been actively attracted and the absorptive capacity of their economies had been nurtured.

The outcome had been that their combined share of manu world's newly industrialising countries — in contrast with the factured exports had risen from 2.6 per cent in 1963 to 7.2 per cent in 1976. India, on the other hand, had chosen protentionist policies throughout the period and had seen its share decline from 24.6 per cent in 1963 to 6.6 per cent by 1973.

Studies indicated that declining employment stemmed much more from technological changes than from competition.

Mr. Gengo Suzuki welcomed the efforts to create the new European Monetary System, which — if operated successfully — would pave the way to a new era of exchange stability, he said. This would allow Japan to achieve a growth-rate of more than 6.3 per cent, and enable it to return to the pre-1971 pattern of increasing exports at an average compound rate of more than 12 per cent.

Dr. Guido Carli drew a strong link between the development of the EMS, implying greater exchange rate stability, and the prospects for regenerating the economies of Western Europe.

But stabilisation of the international monetary system was itself one of the conditions for success of the EMS. And that stabilisation was in turn related to the ability of the EMS to offer alternatives to dollar-denominated financial assets.

Dr. Carli suggested that the European Currency Unit (ECU) could be such an alternative. If the proposed European Monetary Fund bought dollars against the creation of ECUs, the central banks of the EEC could avoid expanding their

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monetary base through an increase in dollar reserves.

The central banks would then only feel pressure when the ECUs had to be converted into national currencies to pay for goods and services bought in Europe.

The connection between a strong currency and the future health of industrial societies was also stressed by M. Andre de Lattre. He felt there was an encouraging growth in the recognition that a strong currency was an advantage to be fought for, and that devaluation was no longer seen as a panacea.

M. de Lattre noted three other key factors. The first was a secure energy supply, with more investment going into alternative energy sources not yet being sufficiently tapped despite the oil crisis.

The second was that industry had at least to maintain its share of GNP, with no marked shift into solely administrative sectors.

Third, there had to be a readiness to work—not to accept the easy argument that a cut in working hours was essential to reduce unemployment.

Dr. Irving Friedman examined the question of whether inflationary trends in the world had been conquered, and produced the answer, "No, but. . . ."

People everywhere were still being hurt by inflation, but not yet deeply or broadly enough to demand an immediate end. He felt there was so far insufficient public understanding and political will—and that 20 or 30 years had been lost in wishful thinking or wrong approaches.

THE ISRAELI ARABS

An increasingly radical approach

BY DAVID LENNON IN TEL AVIV

ISREAL'S RECENT decision to banish six Arab students from the Hebrew University in Jerusalem demonstrated the Government's growing concern about the radical nationalist trend among the country's Arab citizens.

Of Israel's population, 16 per cent are Arabs. The number of Palestinian Arabs who remained in Israel when it was created three decades ago has increased to 500,000.

The growth of Palestinian nationalism has not passed them by, but they are reluctant to express their feelings publicly. They have learned over the years that Israel deals swiftly and often harshly with any public protest against its rule.

The students' offence was to sign a public letter of support for the Palestine Liberation Organisation (PLO). It was a deliberate public political gesture, and an open challenge to the Government.

The Government hesitated, but acted when the chairmen of over half the Arab local councils in Israel issued a similar declaration at a meeting a few days later.

The officer in charge of northern command issued an order confining the students to their home villages and requiring them to report to the police twice a day for at least three months.

The students got off relatively lightly. A West Bank Arab student who also signed the letter was ordered to Lebanon. The implementation of the expulsion order is being held up by appeals to the Supreme Court, but is likely to be carried out in the not too distant future.

The key difference was that the six who were placed under virtual house arrest are citizens of Israel, while the Arab ordered to be deported lives on the West Bank, which along with the Gaza Strip was occupied by Israel in 1967.

Much attention has been focused in recent years on the million-plus Palestinians of the West Bank and the Gaza Strip. When a possible future Palestinian state is spoken of, it is generally meant that it should be created in these two occupied areas. Little thought was given to the situation of the Palestinians living within Israel's pre-1967 borders.

Left leaderless by the exodus of hundreds of thousands of their brethren in 1948, the Israeli Arabs, as they came to be called, concentrated most of

Israel's Arab population, now totalling some 500,000, has concentrated in the past on improving its position by political action through the Communist Party rather than by guerrilla activity. But the Government is concerned at signs of growing Arab radicalisation.

the agitation on trying to improve their position within Israel.

Israel's 1967 military victory reinforced their belief that there was little hope that the Arabs would release them from Israeli control.

But the PLO's growing political success in the following decade encouraged some of the younger Arabs in Israel to see that their struggle could take on wider dimensions. As international talk of a Palestinian state increased, they began to reconsider their position.

Many Israeli Arabs began to ask themselves why the aim should merely be to force Israel to return to the 1967 borders. Instead, they began to advocate the creation of two states in former British mandated Palestine, divided along the partition lines proposed by the UN in 1947. This would include the bulk of the Israeli Arabs, who live in Galilee and along the western border of the West Bank inside the new Palestinian state.

So far, the Israeli Arabs have shied away from armed action. While thousands of West Bank and Gaza Strip Palestinians have been arrested in recent years for guerrilla activity, only 300 Israeli Arabs have been arrested for similar offences since 1967.

They have concentrated their energies more on political organisation. In the main they have supported the Rakah Communist Party which airs their grievances through its members in the Knesset. Rakah usually holds between four and five seats in the 120-member House.

In the past year, however, a spae of radical groupings has appeared in the Arab sector, like the Sons of the Village (Ibn al Balad) and the Progressive Nationalist Movement.

Unlike the Communists, who want Israel to change its policies, the new groups question the very existence of the State. They tend to side with the "rejectionist front" in the PLO, calling for the replacement of the Zionist State by a secular, democratic country in which Jews and Arabs would live in Utopian harmony.

The official Israeli attitude towards these new manifestations of Arab nationalism is that the nationalist radical movements represent only a minority view, while the mainstream of the Arabs want to live peacefully within Israel.

The recent local elections tended to confirm that view, with the Communists winning more than half the vote. But the Sons of the Village captured one local council and won representation in another, although it competed only in four villages.

Differences with U.S. emerge in Brown talks

CONSIDERABLE differences of opinion between the U.S. and Israel on military issues have emerged during the three-day visit here by Mr. Harold Brown, the U.S. Secretary of Defence.

The U.S. official has been cool towards Israeli requests for increased short - term military aid and apparently unimpressed by Israeli arguments about the dangers of increasing arms supplies to Saudi Arabia and Egypt.

The two sides have also differed on their assessments of the regional implications of the revolution in Iran.

Israeli Ministers were also reported to be irritated by remarks by Mr. Brown that Israel should show greater flexibility and willingness to make concessions in peace negotiations with Egypt.

In discussions on arms needs, the Americans were pleased by an apparent Israel willingness to cut its long-term arms acquisition programme by up to 25 per cent in the event of peace with Egypt.

But it now emerges that the new Israeli arms purchase programme, though of a shorter duration, still calls for the U.S. to step up its military aid from $1bn a year to $1.5bn a year.

The U.S. has indicated that such an increase in aid is unlikely. Another Israeli demand, for $3.3bn to cover the cost of redeploying the Army following a peace treaty with Egypt also met a cool response from the U.S.

Mr. Brown apparently reiterated that the sole U.S. commitment in this respect was to provide about $1bn for the construction of two new air bases to replace those abandoned in Sinai.

In meetings with Mr. Begin, the Prime Minister and Mr. Ezer Weizman, the Defence Minister, the U.S. official was made aware of Israeli concern over U.S. intentions to increase arms supplies to Saudi Arabia and Egypt.

The Israelis argued that such supplies would upset the military balance with the Arab states. But Mr. Brown emphasised the need to strengthen pro-Western Arab states following the developments in Iran.

Warning about the dangers of a Soviet-supported wave of Islamic fundamentalism, the Israeli ministers argued that the U.S. should alter its policy in the region, taking note of Israel's strategic importance.

The Secretary of Defence said it was too early to draw such conclusions and expressed the hope that a stable regime would emerge in Tehran. Mr. Brown flies to Cairo this morning on the final leg on his four-nation tour of Western allies in the region.

Armed men raid Tehran home of Morocco's envoy

BY SIMON HENDERSON IN TEHRAN

ARMED MEN raided the Moroccan ambassador's home in Tehran yesterday in a search for arms said to have been hidden by SAVAK, the Shah's secret police.

The ambassador, Mr. El Ghali Benhima, said the men had been sent by the revolutionary Government. They said they were acting on a tip-off but released him with an apology when nothing was found.

The Shah who went into exile in mid-January is at present in Morocco.

Meanwhile it seems probable that the call by the Ayatollah Khomeini for political strikes to end on Saturday will be ignored by several important groups.

The Ayatollah instigated the strikes three months ago as part of his campaign to oust the Shah, but he now loks like being challenged by the left-wing whose gunmen have been among the most active since the revolution last weekend. Some workers are saying that they have other grievances to settle

Even with those who do return there appears little chance that former command structures will be accepted, particularly among the workers in the south-western oil fields which made Iran the world's second largest oil exporter. Their curtailment of production at the end of December played a critical part in the collapse of the Shah's regime. Elsewhere, control by Khomeini forces of some towns is still in doubt.

Tabriz in the north-west still appears to be in turmoil. Dr. Mehdi Bazargan, the Prime Minister, has appointed a new army commander for the city and the General has called on young people to come to schools and community centres to collect arms for use against pro-Shah elements. Air force helicopters, manned by personnel loyal to the Ayatollah are patrolling the town and people have been asked to keep off the streets.

In Karg Island, the main oil export terminal in the Gulf, there was a clash between naval personnel loyal to the Shah and air force men which ended when the naval commander was arrested.

In Zahedan, near the Pakistani border, 300 men described by the national news agency as murderers, rogues and thieves were released when the prison was "liberated."

In Tehran itself, chains of command hardly exist. The Prime Minister's office has been giving individual approval for special charter flights to land at the otherwise closed international airport but for the order to be carried out independent negotiations have to be held with local militiamen and with Khomeini headquarters in the backstreets of central Tehran.

People close to Dr. Bazargan say that while he is trying to distance himself from the more revolutionary acts still going on, he may find himself becoming so isolated that he will have to resign.

An important emerging figure is Dr. Ibrahim Yazdi, a Khomeini aide and Deputy Premier for Revolutionary Affairs. It was he who visited the U.S. embassy to sort out the still confused roles of the left-wing guerrillas who stormed the building and the indistinguishable Khomeini gunmen who then took over as "guards."

The left-wing guerrillas are believed to want a more important role in the Government and are suspected of being prepared to foment further trouble to ensure that they get it. They are being assisted by educated groups such as the workers at the television and radio station.

The central bank is nominally headed by its former deputy governor, Dr. Shahpour Shirazi, but no decisions are being made without the acquiescence of a revolutionary committee whose membership is unknown. Its members are probably radical since the central bank was a centre of anti-Shah opposition.

Challenging the Left is the other terrorist organisation of the Shah's era, the Mohajeddin, a religious group with a vague ideology which includes a classless state. Like the Left its members have declared that they are not going to give up their arms.

Power looks like staying with the groups who have weapons. It is doubtful whether the new Ministers will have much authority. The members of Dr. Bazargan's Cabinet are mostly politicians of an older era whose records are clean but whose appeal to the masses is slight.

The Iranian Communist Party (Tudeh) has called for the unity and solidarity of all anti-Shah forces in Iran, according to the Soviet news agency Tass reporting from Tehran, writes David Satter in Moscow.

A message from the Central Committee of the People's Party of Iran said that it was of primary importance "to display vigilance to crush any manoeuvres of the enemy which is still active." Tass reported.

Japan assured on petrochemical project

BY RICHARD C. HANSON IN TOKYO

JAPAN has received some assurance from the new Government in Iran that the joint petrochemical project in Bandar Shahpur, led by the Mitsui group, will continue to enjoy support.

Dr. Mehdi Bazargan, the provisional Prime Minister, told the Japanese ambassador to Tehran that he looked forward to cooperation with the Japanese and hoped for early completion of the project, according to Press reports. Mr. Tsutomu Wada, the ambassador, was delivering notification of Japan's formal recognition of the new Government.

Aides of Ayatollah Khomeini were also reported to have given assurances of support, and priority consideration for the £1.6bn petrochemical complex because it would produce goods essential for Iran.

The Japanese Government intends to open talks with the Iranians as soon as possible. Mr. Toshikuni Yahiro, President of Iranian Chemical Development, the Japanese partner in the venture, will travel to Iran, possibly in the next two weeks, as soon as matters are clarified further.

PLO pays call on new regime

BY IHSAN HIJAZI IN BEIRUT

THE PALESTINE Liberation Organisation has sent a team to Tehran to initiate direct contact with the new regime and make the necessary arrangements for the establishment of an office there.

The delegation, which includes both political officers and medical personnel, flew to Tehran in a chartered aircraft. Permission was given for the aircraft to land at Tehran airport which was closed when Dr. Mehdi Bazargan took over as Prime Minister last Monday. The team will set the stage for a visit to Tehran later by Mr. Yasser Arafat, chairman of the PLO.

The projected PLO office will be set up at the building which until recently housed the Israeli mission. Last week, the mission was stormed by Iranian demonstrators and militia who tore down the Israeli flag and hoisted the Palestinian flag in its place.

Many of the participating militiamen were reported to have received their training at palestinian guerrilla camps in southern Lebanon.

Almost all the Kalashnikov rifles which appeared in the hands of activists on the night of the main showdown with the Army last Sunday had been supplied by Palestinian guerrillas, according to informed sources here.

The PLO has presented the rise of the new regime in Tehran as upsetting the balance of power in the entire region and upgrading the stature of the Palestinians in the Middle East equation. The Palestinian aspect of the Arab-Israeli conflict will dominate the coming round of middle ast talks at Camp David next Wednesday, according to sources close to the PLO.

A spokesman for the PLO has expressed the view that the statement made on Tuesday by Mr. Moshe Dayan the Israeli Foreign Minister, about the importance of the PLO role in settling the problem of the Palestinians was brought on by the chain reaction set off by the Iranina turmoil.

Contacts arealready underway between the PLO and Saudi Arabia in preparations for the talks Crown Prince Fahd will hold in Washington next month about the overall Middle East situation. Saudi Arabia had in the past acted as a liaison between the PLO and the U.S.

Tanzanians 'deep inside Uganda'

BY JOHN WORRALL IN NAIROBI

ALTHOUGH THERE has been no confirmation from the Tanzanian Government, it seems certain that the Tanzanian forces have cut deep into Uganda territory to the west of Lake Victoria. Border clashes have been going on for three months.

Reports by Uganda radio and President Amin himself indicate that the Tanzanians, probably accompanied by groups of armed Ugandan exiles, are now occupying some 350 square miles of Uganda territory and are pressing on towards the town of Masaka, about 80 miles from the Uganda capital, Kampala.

These reports have been confirmed by diplomats in Kampala, who, presumably have information from intelligence sources. Apparently the Tanzanian invasion is meeting little resistance from the Uganda armed forces.

The war may have spread to Lake Victoria. Uganda radio reported yesterday that troops attacked a Tanzanian boat on the lake, killing all the occupants including one "mercenary," whose nationality was not disclosed. Lake Victoria is shared by Uganda, Tanzania and Kenya.

The Tanzanians have made only one admission of invading Uganda in recent weeks. President Nyerere of Tanzania said at the time that if there were any more attacks by Uganda the fighting would take place in Uganda and not in Tanzania.

President Amin is now fighting a war both externally and internally with the rise of a new resistance movement called SUM, the "Save Uganda Movement," which has begun a series of sabotage attacks in Uganda.

SUM claims to have 1,500 members operating inside Uganda but has not revealed the name of its leader because, as a spokesman in Nairobi said "his family will all be murdered."

India Minister loses key vote

By K. K. Sharma in New Delhi

THE Deputy Prime Minister, Mr. Charan Singh's prestige was dealt a severe blow yesterday when his nominee, Mr. Ram Naresh Yadav, lost a vote of confidence in the Janata Party's Parliamentary group in Uttar Pradesh. Mr. Yadav will thus now be replaced as Chief Minister of what is India's most populous and politically important State in the Hindu-speaking heartland.

Mr. Yadav lost the vote of confidence by nine votes in the 390-member Janata Parliamentary group which he antagonised last month when he dismissed four Ministers belonging to the Hindu-nationalist Jana Sangh faction of the Janata Party.

The defeat of Mr. Yadav is significant since it means a serious rift has now developed between the two major factions in the Janata Party

Rebel Premier gains the upper hand in Chad battle

PARIS—Forces loyal to M. Hissene Habre, the Chad Premier, apparently gaining the upper hand after days of intense fighting, were besieging President Felix Malloum and his troops at the capital's international airport yesterday, according to reports reaching here.

Evacuation of French residents gathered at the French military base in the capital, N'Djamena, will start today, the reports said.

M. Malloum was reported to have set up an improvised command post within the perimeter of the airport. Earlier reports that he had taken refuge at the French base were denied.

M. Habre's forces used heavy mortars, "Stalin organ" multiple rocket launchers and automatic weapons in fighting throughout the night to gain control of the northern suburbs of the city.

Yesterday morning they were threatening the barracks of the gendarmerie troops loyal to M. Malloum, and the airport, and the French airline UTA cancelled its scheduled stopover there.

The fued between M. Malloum his Prime Minister, began last summer shortly after M. Habre broke with the National Liberation Front guerrilla organisation (Frolinat) and accepted an offer to become Prime Minister under a "national reconciliation agreement."

Frolinat, made up of guerrillas from the largely Moslem north, has taken over more than three-quarters of the country during 12 years of civil war.

Hostilities broke out in N'Djamena on Monday when supporters of M. Habre attacked the airport and Presidential palace.

Agencies

CARTER'S VISIT SOUTH OF THE BORDER

Mexican President uses his oil bargaining counter

MEXICO CITY — President Jimmy Carter yesterday had four hours of what were expected to be tough talks with his Mexican host, President Jose Lopez Portillo, on the second day of his visit to Mexico.

President Carter has been challenged by Mr. Lopez Portillo to accept Mexico's new status as an oil producer, or risk not benefiting from the country's oil wealth.

The Mexican challenge, which appeared to take the Carter party by surprise, came in a luncheon speech at the Foreign Ministry on Tuesday. Mr. Lopez Portillo said Mexico had had enough of surprise moves, sudden deceit, and abuse from the U.S.

Mexican-American relations could be seen in terms of problems, capable of solution, or conflict, the Mexican leader said. In any event Mexico could accept no limitations on the diversification of its trade other than its own principles and development requirements.

Referring to issues Mr. Carter specifically wanted to discuss yesterday, such as supplies of natural gas and oil, the problem of Mexican migrant workers and human rights, Mr. Lopez Portillo said these certainly called for attention.

What could not alter, however, were the principles underlying the relationship, most important of which had to be: "treating others as we ourselves would like to be treated."

The Mexican leader's speech was warmly welcomed in the local press yesterday, and served to calm the fears of some commentators that Mr. Lopez Portillo would not be tough enough with his visitor.

Mr. Carter has not so far had the opportunity to reply publicly. He was expected to do so at a dinner last night in honour of Mr. Lopez Portillo. Alternatively he could answer when he addresses the Mexican Congress shortly before leaving for home.

Immediately after his talks at the presidential residence, Los Pinos, Mr. Carter was due to fly by helicopter to a small village in the state of Morelos. There he was to inspect a rural development project jointly financed by the Mexican government and the World Bank, and lunch in the village square.

Officials indicated there was little chance of details of yesterday's talks emerging until after the Presidential party returned to Mexico City.
Reuter

A short dash to Chicano Paradise

WILLIAM CHISLETT at Ciudad Juarez explains why it is almost impossible to stop illegal Mexican emigration to the U.S.

MANOLO DOMINGUEZ, a 26-year-old unemployed construction worker sat on the banks of the Rio Grande, which divides Mexico from the U.S., and pointing at El Paso, Texas, a hundred yards away said: "I don't want to leave my country but what else can I do?"

Like hundreds of thousands of unemployed Mexicans he will cross the frontier this year in search of work and he will have no trouble for it is virtually as easy as crossing the street. If he is lucky he will slip through the thin police net in El Paso and make his way north to Los Angeles to join his cousin and if he is caught he will be returned to the Mexican side to try again.

Illegal immigration from Mexico into the U.S. has reached staggering proportions and the issue is on the agenda of President Carter's Mexican visit. It seems unlikely that any solution will be found.

The drastic conditions producing the urge to leave are still to be tackled despite Mexico's oil wealth. The economic incentive to cross the border is very high while the lack of proper fencing along the 2,000 mile long border is glaring. Only about one per cent of the border is fenced.

Unemployment and under-employment in Mexico are about 50 per cent and 34 per cent of the population is under 12 years old producing intense pressures on the labour market. The birth rate is beginning to come down from an annual increase of 3.5 per cent to around 3 per cent, but still 800,000 new jobs are needed annually just to prevent the level of unemployment rising. This year the target is 600,000 new jobs.

As a result Mexico, as the President, Sr. Jose Lopez Portillo told the Financial Times in a recent interview, is "exporting people."

Manolo left his home in Guadalajara in the north, Mexico's second city, a year ago and came to Ciudad Juarez to work. For 10 months he was employed on a building site earning the minimum daily wage of 120 pesos ($5.50) and then was made redundant without any social security benefits.

For two months he looked for another job and then made up his mind to cross the border heading for Los Angeles which has a burgeoning "Chicano" community.

"I can earn up to $15 a day over there," he said, looking at the El Paso skyline.

It is not against the law, to the anguish of patrolmen, to employ illegal immigrants or "wetbacks" as they are called, although now the Rio Grande is so shallow that you are unlucky if you get a wet crossing. El Paso must be one of the few places in the world where almost anyone can employ a live-in maid. The going rate is $25 a week with board and many Mexican women work in El Paso during the week and return at the weekend to Ciudad Juarez.

The U.S. patrolmen know well the faces of many of the children wainting to cross and see them most mornings. Some of them have been caught so many times that they have come to learn the cobination of the numbered lock on one of the doors in the "processing" centre, where those picked up are taken for brief questioning before they are returned to the Mexican side.

The patrolmen divide the Mexicans up into three categories: those who cross legally to work in El Paso every day, those who cross illegally; and the "rats" — young children who form Fagin-like gangs to rob and beg.

Only 385 patrolmen control the El Paso sector which stretches for about 400 miles along the border. Last year they caught 176,688 people compared to 150,364 in 1977 — an average of more than 500 a day. The all-time record was rather ironically last July 4, U.S. Independence Day, when 951 Mexicans were caught.

The figures are misleading because many people figure countless times as separate entries. Nevertheless the increase does reflect the dire employment situation in Mexico and pinpoints the cheap labour market in the U.S. How many people cross successfully is unknown, but patrolmen estimate that it was at least as many as they caught.

If the patrolmen had their way a six-mile-long fence stretching along the most used part of the El Paso border would be built. But when the idea was announced a few months ago it caused such a storm in the Mexican Press which dubbed it the "Tortilla Curtain" that Washington with its desire to upgrade relations with oil-rich Mexico, put the plan into cold storage.

One patrolman commented: "There would be revolution in Mexico if we really got tough and what good would that do us? It's a safety valve which we are controlling."

SALT pact delayed by ICBM problem

BY REGINALD DALE

ONLY ONE major issue remains to be resolved in the current round of strategic arms limitation negotiations (SALT 2) between Washington and Moscow, according to a senior U.S. official close to the talks.

The official, who preferred not to be identified, said in London yesterday that the greatest outstanding problem concerned restrictions to be placed on the introduction of new types of intercontinental ballistic missile (ICBM) and the modernisation of existing strategic weapons

Several other difficulties remained to be settled but most of them were highly technical.

The official indicated that other important difficulties which have held up the conclusion of the negotiations were either solved or very near solution. These include restrictions on the Soviet Union's Backfire bomber, the expiry date for the three-year protocol that is to accompany the new treaty, verification procedures and the date by which the Soviet Union must dismantle some 250 to 300 existing missiles to conform to the new limits.

Limits on the introduction of new missiles, and the modernisation of existing ones, have long been regarded by Washington as one of the most important aspects of the new treaty. A problem arises because the Soviet Union tends to improve existing systems whereas the U.S. usually develops new missiles from scratch.

Car union defies Carter

BY JOHN WYLES IN NEW YORK

A TENTATIVE prediction that President Carter's wage restraint programme will be ineffective by mid-summer, and therefore unlikely to influence crucial motor industry pay talks, has been made by Mr. Douglas Fraser, president of the United Auto Workers (UAW).

Unlike some union leaders, Mr. Fraser has been publicly sympathetic towards the Administration's anti-inflation programme, but also sceptical about its chances of success. But, as his union starts to frame the pay claim to be negotiated with General Motors, Ford and Chrysler, he is clearly warning that his union is unlikely to accept the 7 per cent pay guideline.

Motor industry negotiations on a three-year contract will start in July. There has been no settlement without a strike for 15 years.

U.S. protests to Moscow over Kabul gun battle

BY DAVID BUCHAN IN WASHINGTON

THE STATE DEPARTMENT called in the Soviet Ambassador here on Wednesday night to protest at the apparent role of Soviet advisers in the Kabul gun battel in which Mr. Adolp Dubs, the U.S. Ambassador to Afghanistan, was killed. At the same time, the U.S. protested about Soviet Press coverage of the recent events in Iran.

One element linking the complaints appears to be the Administration's desire to make it plain that, despite Washington's inability to influence events in Iran and Afghanistan, the U.S. will not tolerate interference by others.

The U.S. has also reacted strongly to Soviet Press reports suggesting that Wednesday's storming of the U.S. Embassy in Tehran was somehow deliberately staged to justify U.S. military intervention in Iran. President Carter and his officials have repeatedly ruled out intervention, although the U.S. hopes U.S. transport aircraft can lan dat Tehran over the weekend to evacuate several thousand of the remaining U.S. citizens.

Despite this bad blood between Washington and Moscow, the Administration says there is no reason why important negotiations, such as on strategic nuclear arms, should be affected.

Industrial production growth slows in January

BY DAVID BUCHAN IN WASHINGTON

THE OUTPUT of U.S. industry last month rose only 0.1 per cent, according to the Federal Reserve Board, a much slower rate than in recent months and the most sluggish performance since January, 1978.

The news will not be entirely unwelcome to the Carter administration which has suggested that a slowdown in growth this year would help to curb inflation, its declared priority task. It is forecasting a decline in the rate of gross national product growth to 2.25 per cent by the end of 1979.

But the January industrial production increase, down sharply from the December 0.7 per cent gain, canot be automatically read as a definite sign of the imminent recession that some private economists have forecast. Bad weather, the Fed said, affected output in certain sectors, particularly cars and consumer durable goods.

Curiously, too, earlier government figures showed a slight decline in unemployment in January to 5.8 per cent—a fact that is hard to reconcile with the industrial output figures, unless as many observers believe the declining rate of U.S. productivity is leading companies to hire more people to maintain the same level of output.

Banking curbs eased

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Reserve Board has proposed new regulations for edge corporations which will allow U.S. banks greater flexibility in expanding their international business from U.S. locations. Edge corporations are generally commercial bank subsidiaries which are allowed to engage only in international banking and finance.

In the International Banking Act passed last year a relaxation of edge corporation rules was approved. The aim was to give U.S. banks greater opportunity to compete with foreign banks which have branches dealing with international business in more than one state.

The new Federal Reserve proposals under the terms of the Act would allow edge corporations to offer a full range of services to international customers if two-thirds of the customers' business transactions relate to international commerce.

At present an edge corporation can undertake a deposit or credit transaction by a U.S. resident only if it is directly related to an international transaction.

Another proposal is that edge corporations should be permitted to finance production of U.S. goods for export rather than only the shipment and storage of goods for export.

Canada seeks currency support in Swiss francs

BY VICTOR MACKIE IN OTTAWA

M. JEAN CHRETIEN, the Canadian Finance Minister, has announced that the Government has begun negotiations with a syndicate of Swiss banks to raise funds in the Swiss capital market through a fixed-term bank loan, a private placement of notes, and a public offering of Government of Canada marketable bonds.

The money is being raised to support the Canadian dollar.

He also announced further details of the Government's plans to raise funds in the Japanese capital market. This financing is expected to total Y100bn (£250m), of which Y30bn would be realised through a public offering of five-year bonds and Y70bn through two syndicated loans, one of 10 years and the other of 20 years maturity.

The yen proceeds received by Canada would be converted into U.S. dollars and added to Canada's official international reserves.

The Canadian Government will soon file a registration statement with the Japanese authorities for the public issue of five-year marketable bonds denominated in yen. The underwriting syndicate for this offering would be led by Nomura Securities, with the Industrial Bank of Japan acting as fiscal agent.

The Minister said negotiations for the two syndicated loans were well advanced.

The Canadian dollar, under international pressure for several months and the subject of heated Parliamentary debate, has started to climb slowly. It closed slightly higher at 83.87 U.S. cents in New York on Wednesday.

Germany in U.S. 'liquid coal' project

BY ADRIAN DICKS IN BONN

RUHRKOHLE, West Germany's principal producer of deep-mined, hard coal, is participating in th edevelopment of the U.S. Exxon Group's coal liquefaction process through a pilot refinery to be built at Baytown, Texas.

The West German company is taking a 2 per cent stake in a consortium in which Exxon itself will hold 24 per cent and the U.E. Energy Department 50 per cent.

Oother partners include the U.S. Electric Power Research Institute, Japan Coal Liquefaction Company, Philips Petroleum and Atlantic Richfield.

Ruhrkohle's participation, which is backed up by the West German Ministry of Research and Technology, marks a second phase in West German-U.S. co-operation in advanced coal exploitation techniques.

The first phase, concentrating on research work, was initiated at Government level in October 1977, following a proposal by the International Energy Agency in Paris.

The Baytown plant is expected to cost about $100m, and will be designed to process an average of 25 0tonnes of coal a day. It will use the Exxon donor solvent (EDS) liquefaction process, which the U.S. oil giant has been working on since 1966.

The EDS process produces some 400 litres of combustible liquids pe rtonne of coal, by means of a low-pressure and low-temperature chemical reaction. The coal is hydrogenated by a solution which is itself a by-product of the reaction process, making the liquefaction plant essentially self-sustaining.

According to Ruhrkohle, the coal liquids derived in this way are suitable for refining into a wide range of products, including heavy oil and petrol.

In addition to the Baytown Pilot plant, the consortium will be carrying out further research work in New Jersey, and is expected to spend up to DM 240m.

Ruhrkohle, which is carrying out liquefaction research of its own under the DM 56m allocated for the purpose by the Bonn Research Ministry, is expected to make scientists and engineers available to the consortium.

MBB to build satellites for China

PEKING — China's Academy of Space Technology and the West German company Messerschmitt-Boelkow-Blohm (MBB) yesterday signed an agreement providing for co-operation in the development of television satellites for China.

Company sources said the first three satellites, which can beam programmes directly to television sets fitted with special antenna, would be built by MBB while the Chinese would increasingly take over the production of further satellites.

The Chinese were interested in from 10 to 20 satellites, the sources said, but the value of the agreement was not disclosed. They said the first satellite should be put into orbit by 1983 by the European Space Agency using a new French Ariane rocket.

Reuter

● The Hong Kong based Sanyo Knitting and Beading factory has become the latest addition to a spate of Hong Kong companies to set up production facilities in China, reports the Hong Kong Trade Development Council in London.

The new joint venture knitwear factory is situated in the Fujian (Fukien) Province on the south-east coast of China, facing Taiwan. The parties concerned in the venture are the Chinese Government, the Fujian Provincial Authority and Sanyo Knitting and Beading.

According to Mr. Wong Chun-Tun, the general manager of Sanyo Knitting, the Peking and the Provincial Authority had each contributed 100,000 Remminbi (about $63,000) to build the plant on a plot of land provided by the Chinese authorities, and Sanyo had provided about $60,000 for the machinery.

Delay in Congress on waiver

By David Buchan in Washington

CONGRESS has temporarily dropped consideration of the Carter Administration's urgent request that it waive countervailing duties on subsidised imports into the U.S. This waiver is considered vital if European Community countries are to join with the U.S. in signing a new multilateral trade pact.

The latest snag concerns delays in negotiations between the White House and the U.S. textile industry on a package of concessions to the domestic industry.

The package which will include tighter import curbs, export promotion and productivity incentives, is designed to buy support from the protectionist textile lobby, and its backers in Congress, for a Geneva trade accord.

The textile package was to have been all wrapped up earlier this month by the time the Administration introduced its countervailing duty waiver request on February 7.

Process plant trade 'strong'

BRITAIN'S PROCESS plant industry is continuing to maintain a strong positive trade balance, with exports of chemical manufacturing equipment currently running at more than three times imports, Mr. Harry Hornsby, the Director-General of the Process Plant Association, claimed in Manchester yesterday.

Mr. Hornsby said that imports by value of all process plant, including food, drink and packaging machinery, had increased from £43m in 1971 to £209m in 1978. But exports had remained at roughly double the value of imports throughout this period.

And, as a percentage of manufacturers' sales, process plant exports have risen from 19 to 30 per cent from 1971 to 1977. During that time, import penetration has remained at a fairly low level of 6 to 10 per cent. In 1977 it was 8½ per cent.

Mr. Hornsby answered criticisms that the industry's customers were obliged to go abroad for some articles because the technological capability to build them did not exist in the UK.

He said there was nothing to apologise for in not going into products where the volume was such that there was not sufficient profitability to justify investment.

Europe's automotive workforce is steadily shrinking—report

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

EMPLOYMENT BY Europe's 16 major automotive groups fell by by 3.5 per cent between the peak output year of 1973 and the end of 1977. And the slide will continue, according to a report by Eurofinance, the Paris-based research organisation.

This is just one of a number of "disturbing trends" within the industry identified by Eurofinance, an organisation backed by several big European banks. Others include:

● Investment in property, plant and equipment as a percentage of sales is sharply down.

● Crude productivity — measured as output of vehicles per employee—is slipping back after a recovery in 1976.

● Average gross margins of profit have not fully recovered since the oil crisis (although the difference is slight).

● The "performance gap," particularly in terms of real added value per employee, between the industry leaders and the rest has widened.

Discussing the employment position, the report points out that Europe's leading car and truck makers were employing 1.26m in 1973 but this fell to 1.21m by 1977.

Of particular note was a fall of 32,564 from a peak 200,575 employees at Fiat of Italy and one of 26,965 from the peak 125,787 at Volkswagen of Germany (accompanied by a drop of 5,531 from a peak 33,880 at Audi which is now part of the Volkswagen group).

Compared with these, the fall of 9,539 from 207,770 at BL, formerly British Leyland, seems relatively modest.

Those companies which have increased employment include Volvo of Sweden, up 8,466 to 59,874, Renault of France, up 8,794 to 106,312 and Ford UK, up 6,000 to 73,000.

Eurofinance estimates that vehicle output in unit terms should increase by between 1.5 and 2 per cent a year to 1985 but insists "crude productivity is to increase at a faster rate."

The report suggests there is a group of companies—BL, Chrysler UK, Fiat and Vauxhall —whose productivity performance is so far behind that of the industry leaders, that it is extremely difficult to be optimistic about their survival prospects, or at least survival in their present form, in a more or less open competitive framework.

It might well be, however, that by State support or cross-subsidisation they will survive —"but it may be that this productivity gap can only be covered up with subsidy of one form or another."

Dealing with the European truck industry, the report describes the situation as one of "unstable equilibrium." Within the next few years three critical decisions will be made which will determine the industry's structure for the following 10 to 15 years.

These involve the Spanish truck industry—its producers are weak by comparison with Europe's leaders; whether Volvo and Scania link to form a Swedish group or choose some other course of action; and whether PSA Peugeot-Citroen decides to develop Chrysler Europe's truck facilities. "A decision on any one of these will trigger a series of moves on the structural 'chess board'."

Eurofinance maintains that the European automotive industry as a whole faces an inevitable decline in exports to none-European markets.

"But provided European producers can improve manufacturing scale and organisation on the critical cost items (especially engines, gearboxes and axles) there should be no five to 10 year threat of substantial erosion of the motor vehicle manufacturing base."

Automotive Industry Financial Performance Indicators. Eurofinance, 9, Avenue Foche, 75008, Paris.

TRADE INSPECTION

The discreet success of SGS

BY BRIJ KHINDARIA IN GENEVA

WHEN NIGERIA'S Head of State Lt.-Gen. Obssanjo, discovered that foreign salesman were short-changing his Government last year, he turned to one of the world's most unusual service companies, the Geneva-based Societe General de Surveillance (SGS).

The inspection company, owned by less than 100 mainly Swiss stockholders, has doubled its turnover during the last five-years despite the world-wide economic recession and hired more than 2,000 new staff. About 9,000 employees in 250 offices around the world toasted the centenial last year of the tightly - controlled company whose aim according to chief executive Marc Andre Chargueraud, is to speed up world trade by preventing disputes between buyers and sellers.

Although publicity-shy, SGS has followed an aggressive acquisitions policy to constantly expand the scope of its activities through purchases of inspection companies in branches far beyond its original quality-control services to the grain trade.

More recently it has begun to tap an enormous and largely neglected market — providing inspection services under contract to developing country Governments who think they have been cheated by foreign suppliers but lack the expertise to control the quality of imports. The company's newest conquest is the multimillion dollar contract to inspect almost all goods exported to Nigeria.

Mr. Chargueraud says his company is publicity-shy for "obvious reasons." Asked to explain, he adds that SGS policy has always been not to put itself forward to scout for new business although it takes quick action to follow up any feelers sent out by prospective clients.

Services to governments such as Nigeria account for only about 10 per cent of its $230m turnover, but opportunities may open up in Latin America and South-East Asia, although the company is not campaigning for clients in these regions.

Since the 1960s the SGS has diversified considerably and now provides inspection services in agriculture, minerals, chemicals and metallurgy, oil and petrochemicals, international transport, industrial an consumer products, and non-destructive testing and insurance survey services. It also provides expertise for the establishment of industries.

Today's SGS must be beyond the wildest dreams of founder Henri Goldstuck who first set up shop at Rouen, France, in 1868, to inspect trade between France and its West African colonies. The company grew through acquisitions and moved to Paris in 1882. In 1919 it took up its current name and moved to Geneva.

Most of the company's turnover comes from major industrial corporations and traders based in a handful of Western countries. But new opportunities are arising in developing countries because their Governments have discovered that quite often foreigners sell them goods below the norms specified in trade contracts and at prices higher than those charged to other customers.

Officials at the UN conference on trade and development (UNCTAD) confirm this view. They say that certain makers of machinery have charged countries such as Nigeria prices as much as 50 per cent above those charged to buyers in industrialised nations. They have also sold Nigeria machinery which they did not dare to sell to more technologically sophisticated Western buyers.

Nigeria is cited as an unusual case among Third World nations because since 1974 it has placed major orders based on its new oil wealth without having the technological expertise needed for quality control.

Another phenomenon in some developing countries is that importers deliberately ask exporters to overprice their products to help them skirt exchange control rules and build up personal bank balances abroad.

For Mr. Chargueraud quality control can mean anything from verifying the fat content of cheese to ensuring that cans are filled to prescribed limits, checking the quality of machinery supplied, and comparing prices.

One highly technical service is that offered by SGS's non-destructive testing division, which among other things performed ultrasonic tests on 50,000 joints in the 850 km oil pipeline in Latin America.

But Mr. Chargueraud stresses that SGS is not in the business of playing policeman for any Government buyer, or of catching out those who cheat. SGS prepares factual reports stating any divergences between the actual goods and those specified in trade contracts, and leaves the buyer to decide which course of action to take.

Inspections are carried out at the loading points or in manufacturing outlets, thus making it easy for the exporter to correct any mistakes and preventing any lengthy litigation later. "We never say that somebody is cheating or that something is over-priced," Mr. Chargueraud explains. "We only say that an error seems to have taken place."

Usually purchase contracts stipulate that payment shall be made only if SGS clears the goods as conforming to contractual specifications, thus reducing the possibility that any supplier will deliberately bend the rules knowing that SGS has been hired to carry out the inspection.

Cost of Sudan's Jonglei canal expected to soar

BY ALAN DERBY IN KHARTOUM

THE cost of building the Jonglei canal in southern Sudan can be expected to soar still further now that the Ministry of Irrigation has agreed to a major realignment of its route.

The new one, favoured by development planners and the regional government, was first suggested in 1977 by project advisers, Euroconsult, and is designed to circumvent the seasonal grazing areas of traditional cattle herders, as a result another 100 kilometres will be added to the length of the canal.

This will give the French contractors, Compagnie de Constructions Internationales, a chance to renegotiate their excavation contract, which at S£15m (£18.7m) for the original shorter route is now seen as underestimation. CCI are expected to ask three times that sum for the longer route.

The contract for the canal structures, which has not yet been awarded, was put at S£30m in early 1977 but is now likely to cost upwards of S£50m.

Overall costso f the canal and associated development projects had risen from S£70m in 1977 to twice that figure by the end of last year. Realignment may push the figure up by another S£50m, in all.

The canal will divert a quarter of the White Nile's flow away from the Sudd Swamp, where it is lost to evaporation, and yield an extra 4,000m cubic metres of water a year for agriculture. A joint undertaking between Sudan and Egypt, the project is still only partially financed.

$9.6m Olympics order to Poland

By Christopher Bobinski in Warsaw

VARIMEX, the Polish foreign trade company, has won orders worth 32m Foreign Currency Zlotys ($9.6m) for supplies of kitchen equipment for restaurants being prepared for the 1980 Moscow Olympics.

The orders, which were placed by the Soviet State trading organisation, Technopromimport, bring the value of kitchen equipment to be delivered by Varimex to Russia this year up to 37m Foreign Currency Zlotys.

This compares with previous annual export totals of such goods to the Soviet market of no more than 5m Foreign Currency Zlotys.

The Olympic order is for 5,000 electric frying pans, 700 electric pots, 1,000 soup pots and 1,000 vegetable slicers.

Esso and BP may lift price of petrol

By Kevin Done, Energy Correspondent

THE PRICE COMMISSION has allowed Esso and British Petroleum interim price increases for all oil products, in spite of its decision to launch an investigation into the companies' original price submissions.

At the same time, it has allowed a price notification from Texaco to go through unchallenged, with the result that all three companies will be raising oil product prices today by amounts similar to the increases imposed by the rest of the industry last week.

The interim increases for BP and Esso have been allowed because of the rise in the costs of the companies' raw materials.

BP and Esso will be the first oil companies to be investigated selectively by the Price Commission. Their original price submissions were caught under the Government's new prices legislation, which acts retrospectively to January 16.

Several other oil companies, including Shell and Mobil, beat this deadline by notifying the Commission of their intended price increases in early January.

Before the interim increases were announced, the oil industry had feared that the Commission's intervention would lead to a two-tier pricing system, which could have seriously damaged oil markets, already stretched by the loss of Iranian exports.

In the event, however, BP's interim increase is as big as the rise it first proposed, and Esso has been granted an increase that will push up the wholesale price of a gallon of four-star petrol by 3½p, an increase of 4p a gallon in pump prices.

The main BP wholesale increases will be four-star petrol, 2.95p a gallon; motor diesel, 2.64p a gallon; gas oil for industry, commerce and agriculture, 2.41p a gallon; gas oil for domestic heating, 2.41p a gallon; and light fuel oil 2.05p a gallon.

The Texaco and Esso increases are of a similar order. The rises mean that the price of a gallon of four-star petrol will rise to about 81p at very large service stations, and at least 84p-85p at other sites.

David Churchill writes: The Price Commission's investigation into 3p a pint price rises proposed by Bass Charrington and Whitbread will be formally announced this afternoon after the Stock Exchange closes.

BP signs to seek oil in Yellow Sea

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM has signed a preliminary agreement with China to begin offshore exploration work in the southern area of the Yellow Sea.

A statement of intent was signed in London yesterday by Sir David Steel, chairman of BP, and Mr. Zhang Wen-Bin, chairman of the Chinese Petroleum Corporation.

The agreement will allow BP to carry out a reconnaissance seismic survey in an area that has not been explored.

BP has been negotiating with China for about 18-months on possible co-operation in a number of different activities, such as petrochemicals and oil and gas exploration and production. It has been represented on several trade missions, including one led last year by Mr. Edmund Dell, the former Trade Secretary.

China is seeking rapid expansion of its oil production. Much of the potential for development lies offshore on its vast continental shelf.

Development was held up for many years by a series of boundary disputes with Japan, South Korea, North Korea, Vietnam, the Philippines and Taiwan. These have mostly been resolved and a number of important finds have been made, some in relatively shallow water.

The most important area for potential development lies between the Chinese mainland and the Japanese Ryukyu Islands.

Several other oil companies, chiefly from the U.S. and Japan, have already signed co-operation agreements with China. Japan has won an exclusive agreement to explore and develop oil resources in a 20,000 sq km area of Pohai Bay.

Drilling rigs have been bought from Western suppliers, and the Chinese are arranging crude oil sale agreements with some Western companies.

Rates may rise by 17%

BY PAUL TAYLOR

EARLY RETURNS from English and Welsh councils suggest that rates will go up this year by considerably more than the single figure average increase initially set as a target by Mr. Peter Shore, Environment Secretary.

The Association of District Councils has collected details of proposed rate increases from 48 of its 333 council members. These indicate that household rates could rise by an average 17 per cent.

Figures from each council vary considerably, but reflect continuing uncertainty about the final level of local authority pay settlements.

The district council share of the final rate bill will be reduced because of new Government arrangements for paying part of the rate support grant directly to district councils.

On average, district rate bills could fall by more than 21 per cent, but this is roughly balanced by increased rate demands from the county councils, which lost the "needs element" in the districts grant.

It can be seen that district councils are effectively increasing rates by an average of about 13 per cent by taking away the effect of the district council's new grant arrangements.

Combining both the county and district rate demands shows an increase of almost 14 per cent for business ratepayers. But because the "domestic element" in the Government's grant has not been increased householders will face higher rate rises.

Town hall treasurers are clearly taking a pessimistic view of wage settlement levels and the degree to which the Government will be willing to sanction increases above its current single-figure guidelines.

The figures do, however, suggest that district councils have not seen the additional grant as an opportunity to go on a wild spending spree, but have reduced their rate demands by corresponding amounts.

Home buyers contribute more

BY MICHAEL CASSELL

HOUSE BUYERS are putting a growing proportion of their own money towards buying their homes, according to figures from the Department of the Environment.

It says that of the 187,000 mortgages completed in the last quarter of 1978 the average advance was 62 per cent of the purchase price, against nearly 64 per cent in the previous three months and over 67 per cent at the start of last year.

The change clearly reflects the building societies' growing insistence that purchasers find a growing proportion of the purchase price, a trend which is likely to continue as long as demand for funds outstrips supply.

Borrowers in the last quarter purchased homes with an average price of two and three quarter times their recorded income and obtained loans which represented 1.7 times their income.

The Department also says that 5 per cent of mortgages went on homes costing less than £7,000, while 62 per cent involved properties selling for less than the national average — £17,208. Homes costing more than £20,000 were involved in 26 per cent of all advances.

The borrower's deposit was less than £1,000 for 17 per cent of homes and greater than £10,000 in 23 per cent of all transactions.

An estimated 47 per cent of loans went to new owner occupiers and they paid an average £13,200 for their property while borrowing nearly 78 per cent of the price. The average purchase price for former owner occupiers was £20,750 and they borrowed just over 53 per cent of the money required.

Lloyd's may face liability of £110m

BY JOHN MOORE

LLOYD'S of London underwriters could face claims of about £110m on computer leasing insurance business.

This is a provisional estimate prepared by firms of loss adjusters for a working party of Lloyd's underwriters, which was set up last December to calculate their possible liability.

There have been growing fears in Lloyd's over this class of business ever since IBM began issuing new series of computers in 1977.

The insurance that Lloyd's has arranged on computer leases is complex, but essentially it protects a leasing company against the losses arising either from having to re-lease a machine for a lower rental, after the original lease has been terminated early, or from not being able to re-lease at all.

With new models coming on to the market at a rapid rate the leasing companies are facing the prospect of their customers trading in models earlier than they expected. If that happened the leasing company would claim on its insurance, arranged at Lloyd's.

Because of the size of the business the insurance is spread throughout the Lloyd's market.

The use of such a working party of underwriters is not a departure from Lloyd's practice. Others were established to investigate total liabilities on the Darwin disaster, and claims arising from Hurricane Betsy.

The working party is headed by Mr. Murray Lawrence, a non-marine underwriter, and comprises four non-marine underwriters, and four marine underwriters.

It will take many months of work before the liability is fully calculated, and meetings are likely to take place between the underwriters and the policyholders, who are mainly American clients.

Vickers transfer

THE COMPANY which is expected to be involved with the National Enterprise Board in the transfer of Vickers' offshore engineering interests is Wharton Williams, and not Wilson Walton International as reported in yesterday's Financial Times.

Sharp drop in spending on cars in last quarter

BY DAVID FREUD

SPENDING on cars and motorcycles was cut sharply in the last three months of 1978. This more than accounted for an overall drop of 0.6 per cent in consumer spending compared with the previous three months.

The volume of consumers' expenditure in the last quarter of 1978 was £16.7bn, according to the Central Statistical Office's second preliminary estimate yesterday in 1975 prices, seasonally adjusted.

This represents a downwards revision of £66m from the first estimate, and confirms that overall consumer spending tailed off towards the end of the year, even though retail sales remained buoyant.

In spite of the fourth quarter drop, spending in October-December was 5.4 per cent above the level in the same period of 1977, and expenditure over 1978 as a whole was 5.5 per cent higher than in 1977.

The £106m drop in spending between the third and fourth quarters was more than accounted for by a decline of £135m in spending on cars and motorcycles. Sales in this sector were only slightly above the average level for 1977 in the final quarter, and 17 per cent below the average for the first nine months of the year.

Spending on food, drink and tobacco continued to rise in the last three months of the year, reaching £5.2bn—an increase of £72bn on the previous three months.

There was a slight increase in spending on clothing and footwear, and a small fall in spending on housing, fuel and light. Expediture on durable household goods fell by £24m to £812m—still above levels earlier in the year.

CONSUMER'S EXPENDITURE

Revalued at 1975 prices and seasonally adjusted: £m

		TOTAL	FOOD, DRINK, TOBACCO	HOUSING, FUEL AND LIGHT	DURABLE HOUSEHOLD GOODS	CARS & MOTOR-CYCLES
1973		65,497	19,904	11,992	3,270	2,668
1974		64,070	19,876	12,105	3,060	1,731
1975		63,192	19,663	12,153	2,968	1,816
1976		63,320	19,836	12,305	3,080	1,977
1977		62,732	19,511	12,547	2,908	1,920
1977	1st	15,619	4,809	3,109	722	510
	2nd	15,495	4,850	3,156	703	454
	3rd	15,777	4,843	3,151	745	515
	4th	15,841	5,009	3,131	738	441
1978	1st	16,311	5,081	3,166	776	599
	2nd	16,370	4,989	3,205	788*	624
	3rd	16,810	5,133	3,229	836	653
	4th	16,704*	5,205*	3,202*	812	518*

* Preliminary estimates.

Source: Central Statistical Office

Prestel to be marketed in U.S.

INSAC, the National Enterprise Board's computer software subsidiary, has signed an agreement with the Post Office to market its Prestel information system in the U.S.

Prestel is a British invention which enables a modified television set to display text and graphical information, which it obtains through the telephone network from a central computer.

The licence gained by Prestel allows INSAC to exploit the system either directly or through sub-licencees in the U.S. INSAC is negotiating with two large U.S. companies, one of which is General Telephone Electronics, about the possibility of setting up a public service in the U.S.

INSAC is also selling the system to organisations which want to use it for special groups of users and to corporations which would like to use the system for internal information. The system can carry a wide variety of material ranging from timetables, financial information and to games and quizzes.

The advantages of Prestel over other computer information systems are mainly that it is cheap and easy to use. Its low cost comes from using mass-produced colour or black and white television sets rather than specially-made terminals.

INSAC is a marketing company associated with five computer programming companies in which the NEB has taken minority stakes. It was set up in 1972 with a commitment of £20m from the NEB with the object of marketing software produced by its associated companies.

Prestel is expected to be launched as a public service in the UK later this year. The Post Office is preparing to invest up to £100m in the system over the next five years.

Sotheby's silver sale fetches £188,500

BY ANTONY THORNCROFT

ALTHOUGH the top lot, a Commonwealth casket inkstand, was bought in at £9,600, the rest of Sotheby's silver sale did quite well for a total of £188,482.

A Belgian private buyer bought a Queen Anne tapered chocolate pot for £7,500 and a Charles II tankard fetched £4,300. Two pairs of George I candlesticks sold for £3,400.

At Christie's, South Kensington a dolls house, 40 ins high and 43 ins wide, designed by Sir Clough Williams Ellis went for £1,300.

The top price in Bonham's picture sale was the £1,500 for a pair by John Chapman.

In New York, Christie's disposed of jewels of £733,455. A sapphire and diamond ring with a sapphire of 11.78 carats sold for £70,000 and an antique emerald and diamond brooch made £60,000.

Pye Cambridge closure will cost 200 jobs

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

NEARLY 200 jobs will be lost in Cambridge by the end of June as a result of the closure by Pye of one of its engineering companies.

Pye Engineering Services makes press tools, jigs, fixtures and special purpose machines. Much of its output goes to other companies in the Pye group. A statement from the group yesterday said: "Over the past few years the demand for light mechanical engineering pieceparts has diminished because of changes in technology and product types."

"As a result, Pye Engineering Services has experienced large losses in spite of considerable support from group resources. Despite the most careful consideration there are no sound prospects of recovery which would justify continuing to accept further large losses." Last year, the company made a loss of just over £100,000.

Pye communications and instruments group is 60.7 per cent owned by Philips of Holland, which announced last week that it was proposing to put forward "certain ideas for the reconstruction of Pye." These "might involve the transfer of certain assets to Philips Industries and a distribution of cash." However, closure of Pye Engineering Services was under discussion before the announcement from Philips.

The Pye statement yesterday said that maximum consultation will be held between now and the end of June with unions involved.

Record £1.4m contract for mobile radio

THE BIGGEST single order placed in the UK for mobile radio equipment has been received by Marconi. The contract, worth about £1.4m, has been placed by Air Call, the message handling company.

Marconi will supply the recently - introduced RC680 mobile radiotelephone, and new control systems to be used in the expansion of Air Call's control centres.

The equipment will be delivered over the next year and has been designed for conventional message handling via an operator, and for the new "interconnect" system, which was approved by the Post Office last year.

In the interconnect system, operators, for the first time can be "patched" into the public telephone system.

January strikes forced cut in steel production

BY ROY HODSON

BIG STOCKPILES of finished steel built up at many British Steel Corporation works during the road hauliers' and rail strikes last month, forcing the corporation to cut production.

The extent of the damage is disclosed in the latest production figures. Total British steel output in January was 322,100 tonnes a week, compared with 338,800 tonnes a week in January 1978.

Most of the production loss was within British Steel. The private-sector companies, mostly handling smaller tonnages than British Steel works, fared better and managed to maintain production in many cases at or near normal levels.

The total January steel production figures show that it was the worst month for British steelmaking since December 1977, when the international steel crisis was at its height.

HOW THE JANUARY ROAD AND RAIL STRIKES CUT STEEL PRODUCTION ROUND BRITAIN

Region	January 1978	January 1979
	(average weekly production in tonnes)	
Northern	49,000	47,100
Yorkshire and Humberside	127,600	87,000
East Midlands	18,000	15,300
East Anglia, South East and South West	8,600	8,500
Wales	72,500*	120,900
West Midlands	32,600	19,800
North West	3,300	4,200
Scotland	22,200	19,300

* Plant problems

Committee has impact on Civil Service

BY DAVID FREUD

PARLIAMENTARY select committees were having an increasing impact on the operations of the Civil Service. Mr. James Boydan, chairman of the Expenditure Committee, claimed yesterday.

The innovation in the current Parliament of retaining a constant membership of the Expenditure Committee meant there was greater continuity and topics were followed up much more vigorously, he contended.

Mr. Boyden, Labour MP for Bishop Auckland, who introduced a report covering the committee's work over the first four sessions of the Parliament, said: "In the last couple of years there has been a considerable move forward in recommendations being accepted.

"Since 1974 we have been appointed for the life of a Parliament, rather than merely for a session. This has greatly improved our effectiveness, and we recommend that this be the practice henceforth."

The practice had led to a much closer relationship between committees and their respective departments, which had resulted in a lot of changes.

One area in which progress had been made was in the presentation of the Expenditure White Paper. The committee report, which analyses Government response to specific recommendations, shows that a number of items asked for by the committee had been provided.

For instance, recent White Papers had included a stylised table of revenue projections and a breakdown by economic category of changes in public spending, while the latest had a set of illustrative assumptions about the future of the economy.

Some of the recommendations in the recent report on the Civil Service have already been acted on, Mr. Boyden pointed out. They included the apopintment of outsiders to the Civil Service Commission, the reactivation of the Pay Research Unit, and the extension of unified grading—all being implemented, either wholly or partially.

Also accepted was a recommendation for an inquiry to be set up by the Secretary for Education into the teaching of mathematics.

The report states that only four of the committee's reports have been debated; all gave rise to excellent debates.

The committee reiterated its predecessors' claims for time to debate more of the reports, on dates fixed early in the session.

Third Report from the Expenditure Committee, Session 1978-1979. House of Commons Paper 163. SO, £4.75.

THE WILSON COMMITTEE HEARS FROM THE INSURANCE INDUSTRY

'Talk of state ownership is bad for business'

BY CHRISTINE MOIR

FORCING THE institutions to invest a fixed minimum of their funds in Government stocks would be counter-productive, representatives of the insurance industry have told the Wilson Committee on the financial institutions.

The experience of other countries, such as Australia, where such regulations existed, showed that the minimum figure tended to become a maximum amount the institutions chose to invest and the governments then had trouble raising capital.

Equally damaging would be any move to nationalise the insurance companies. At present British insurers write 10 per cent of the world total of insurance but this is falling marginally. That trend would be accelerated if nationalisation was seriously considered.

Mr. K. M. Bevins, chief general manager of the Royal Insurance said: "Even talk of public ownership is bad for our busines because it gives our competitors an edge."

For much the same reason the industry is also opposed to further legislation and Government control because that would decrease the speed and flexibility with which British groups manage their businesses and decrease their attractions to international clients.

As a whole, the industry thinks it already discloses a great deal of information. If more information is needed, it is by the pension funds, according to Mr. R. H. Peet chief executive of the Legal and General.

That was not to say that pension fund managers were unaccountable in the way company executives are. They are accountable to their trustees and members of the fund in much the same way as company Boards.

Demands by the Stock Exchange for further information by insurance companies were also firmly resisted. Mr. Peet said: "We do not see that this would contribute anything very much to the public interest."

Neither does the industry believe its increasing presence in the equities market anything to worry about. The representatives denied that the market was becoming more volatile as a result, of increasingly large sums being invested in one direction at any given time by a small number of fund managers. Particularly, they denied any form of cartel or collusion among the managers.

As shareholders in companies, the main area of concern is the need to get closer to companies and monitor their performance. Mr. Peet said that the industry has recently been considering this matter and thinks that the best way is to look for more non-executive directors on company boards.

Each of the representatives was closely questioned on the capacity of the institutions to provide funds for British industry, particularly for smaller companies. All believed there were more funds available at present than there is demand on the other side.

Furthermore, the availability of funds to industry would not be improved by creating new instruments. Equity Capital for Industry, for instance, had not been particularly successful in getting its funds invested. The over-the-counter market, as shown by the Nightingale example, was failing to expand.

Special investment trusts specialising in unquoted companies have been considered and also provide no solution.

The reasons for lack on investment do not lie with the form in which investment funds are made available but in the high cost of money whatever vehicle it is available through.

There was room for more direct communication between the industry and government, Mr. Bevins admitted. Steps were now being taken to put the links with the Bank of England, the Treasury and the Trade Department on a more formal basis.

Lloyd's powers to probe 'may need revision'

BY JOHN MOORE

THE INVESTIGATION and disciplinary power of Lloyd's of London may want some revision, Mr. Ian Findlay, Lloyds chairman, told the Wilson Committee.

He said: "We have had an unusual number of incidents, disputes, and so on, in the market this year, and some of them have thrown up the desirability of another look at our range of powers to see whether they are all that they should be.

"We have decided as a matter of fact to set up a working party, probably headed by an outside legal figure, to help us to study our present powers and to review them if necessary. Broadly speaking they are all right: but they may want some revision."

Lloyd's intention to hold an inquiry into its self-regulatory powers was publicly announced in December, a month after Lloyd's had given oral evidence to the Wilson Committee, and immediately after the uproar over Lloyd's handling of the Savonita claims inquiry.

Mr. Findlay and other Lloyd's representatives were questioned by the Wilson team on whether the Committee of Lloyd's present investigatory and disciplinary powers were adequate and aspects of the role aond functioning of Lloyd's.

The Wilson team asked Mr. Findlay about the mergers that have been taking place among Lloyd's brokers in recent years.

The number of brokers seemed to have fallen sharply largely as a result of mergers since the war. Would the process continue and were there dangers of it becoming too concentrated?

Mr. Findlay said that although he did not think there had been an absolute drop in the number of brokers, there had been many mergers. "I think they will probably continue to evolve."

He added: "We may well see a time coming when there are perhaps six or eight very large international firms doing most of the international type of business and then quite a large number of smaller firms of a more specialist nature."

Mr. Findlay was asked whether Lloyd's was reluctant to admit foreign ownership of brokers.

He replied that the Lloyd's committee felt that if the control of firms operating within Lloyd's "passes to groups or boards outside Lloyd's, never mind abroad, so that they are beyond the control of the committee, then the committee's power of self-regulation will be very badly eroded."

The Lloyd's representatives were also asked what effect on Lloyd's business the recent relaxation in New York's insurance laws would have.

Mr. Findlay, referring to the "so-called Lloyd's" ofNew York said that the Americans were quite a long way from agreeing the rules of the New York

On the subject of the New York free trade insurance zone, Mr. Findlay said: "We have been used to competition throughout history."

He added that Lloyd's was not complacent "but neither are we running scared because New York happens to set up this free trade zone."

Lloyd's representatives were asked whether the membership would increase at the rate of the last few years.

Inquiry into £100m plan for Gatwick terminal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A MAJOR public planning inquiry is to be held by the Government into the plan by the British Airports Authority to build a £100m second passenger terminal at Gatwick Airport, Sussex.

The authority is expected to make its formal planning application for the terminal to the local authorities round the airport by the end of this month. It will be designed to raise the capacity of the airport from the present 16m passengers a year to 25m passengers a year by the mid-1980s.

But Mr. Peter Shore, Secretary for the Environment, has told Crawley Borough Council and West Sussex County Council, that he will be taking responsibility for the final decision on whether or not the terminal is built, and instituting a public planning inquiry into its desirability.

A similar procedure was adopted over the airports authority's bid to build a £100m fourth terminal at Heathrow Airport. That inquiry has now been completed, and the Minister's decision is awaited.

The airports authority expected the public inquiry, because of the hostility of environmental groups to the plan.

The inquiry, the date of which has not yet been fixed, will enable the groups to voice their opinions. It will also allow the airports authority to put its case for a second terminal to ensure that there is adequate capacity available when Heathrow becomes saturated by the mid-1980s.

Two-year pause in sales of cosmetics forecast

BY COLLEEN TOOMEY

BUMPER spending on cosmetics and toiletries last year is unlikely to be repeated for another two years, according to a new forecast.

Consumer spending this year for the two sectors will reach £538m, a 12½ per cent increase on 1978 in current value and a 3½ per cent rise in constant price terms. Volume growth will come to a virtual standstill by the end of the year, however, while prices will rise by about 10 per cent.

Last year's figures were well above the average, according to Staniland Hall Associates. Market growth rose by about 15 per cent in value and 6 per cent in volume.

Soap and lavatory paper are also linked with cosmetics and toiletries in some Government statistics; spending on them in 1978 approached £1bn.

Manufacturers' sales have risen by about 230 per cent in value and 40 per cent in constant price terms since 1970. About 17 per cent of sales are exported and imports account for about 10 per cent of the home market.

The industry is expected to be less buoyant for the next two years before reaching a new peak growth rate around 1982. The predictions are based on the assumption that the Government will take firm budgetary, monetary and direct action to contain inflation before 1982.

Alternative forecasts, allowing for inflation at 10 per cent by the end of this year and double figures into 1980 indicate that consumer spending will fall by 4 per cent this year and 2 per cent in 1980. Although Staniland Hall forecasts that the lean period of 1975-77 will not recur, it adds that the rates of growth during the boom of 1972-1974 will not be matched.

After the 1972-74 peak, soaring costs of materials, fuel and labour led to a severe margin squeeze.

Cosmetics and Toiletries. Staniland Hall Associates, 42, Colebrooke Row, London N1 8AF. £45.

New telephone exchange may itemise bills

Financial Times Reporter

TELEPHONE BILLING is "far and away" the biggest in complaints, the Post Office User National Council receives from the public, it said yesterday.

The council told the Commons select committee on nationalised industries that itemised billing would be very expensive to introduce on present exchanges, but the facility would be available on the electronic System X exchanges coming into service from 1981.

That facility would cost extra, and it had not yet been established whether all consumers were willing to bear the additional charge.

The Post Office is currently examining methods of logging calls, using U.S. equipment on trials.

UK NEWS

Butlin's must cut price rises

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

E PRICE COMMISSION ; reduced by a third the nned increase in charges for idays at eight major holiday nps operated by Butlin's, ich had sought to push up ces by an average of 14.4 per it.

The commission decided that increase should be limited an average 9 per cent, in- iding, for the first time, the it of compulsory holiday urance.

The effect of the price res- ction, which Butlin's has reed to accept until Septem- r 19 this year, will save a nily of four about £5 for a ek's stay.

The reason for the Commis- in's refusal to allow increases full, detailed in a report blished yesterday, is basically cause of its concern that lidaymakers were being ked to finance future invest- ent.

Even though Butlin's has rried out a considerable pro- amme of capital expenditure er the past few years, much ill remains to be done. The ommission does not accept at the full cost of the remain- g investment should be borne holidaymakers directly.

Rank's part

Since the investment will crease Butlin's profitability, e Commission argues that any ortfall in financing should be ade up by the Rank Organisa- on, to which Butlin's belongs, ither than by increased tariffs.

The Commission decided that the tariff rise should reflect only increased costs. These costs were estimated by the Commission at 10.9 per cent, but after allowing for extra sales from ancillary activities such as bars and shops it decided that an average increase of 9 per cent was justified.

The report says that this restriction should not affect the quality of the holiday package or prevent the company from continuing its investment programme.

The Commission was particularly concerned that in the period 1973-78 Butlin's average tariffs had risen faster than those of a major competitor, and that during the peak holiday perids they were significantly ahead of the general rise in prices.

It has made clear to Butlin's that when considering future price rises it will study whether peak holiday periods still have to bear a "disproportionate burden" of tariff increases.

"Several aspects of Butlin's corporate strategy and the way decisions are taken gave us cause for concern," the report says.

It adds: "Future plans for the main centres division (the eight camps involved) area also reflect a defensive approach and seem to us to be based on a policy of survival."

The eight holiday camps are at: Ayr, Barry Island, Bognor, Clacton, Filey, Minehead, Pwllheli and Skegness.

Butlin's Ltd. Tariffs of the main holiday centres in the UK. SO, 80p.

Last big TV franchise fight

BY ARTHUR SANDLES

THE Independent Broadcasting Authority is starting the process of offering the 15 UK commercial television franchises for competitive application. Although no major upsets are expected some of the present contractors may find their positions challenged.

The new contracts will run from January 1982. In theory, the IBA has no legal power to offer contracts from that date, since its own existence ceases in 1981 under the present legislation.

However, new broadcasting legislation has been promised by the present Government and could not be long delayed by a new one, whatever Party.

As a first stage in the application process the Authority is to invite public comment on the present ITV system and how it might develop in the future.

Not only will written comment be invited but there will, also, be a series of public meetings up and down the country. These meetings will be completed in early 1980.

By the end of this year the IBA will publish details of the contracts on offer. There may be a few changes, such as the redrawing of boundaries or even the creation of one or two new areas, but the broad pattern is expected to be similar to the present one—15 companies covering 14 areas, London having two contractors.

After applications have been received, in the spring of 1980, they will be published and comment invited. "These hearings will be designed to give the public a chance to express views about applications for franchises, and are likely to range over the published material with particular reference to programme ideas and policy," says the IBA.

Companies will be able to keep some information for the IBA's eyes only. This, presumably, will include some financial material, and, perhaps, names of personnel who have taken options to join a new contractor if awarded a franchise.

The contracts will be awarded in late 1980, giving those who win them a year in which to make preparations before the start day.

Government urged to control speed traps

By James McDonald

CENTRAL CONTROL by the Home Office over the introduction and use by police of many new types of radar speed detection devices now being sold in Britain is urged by the Automobile Association.

Mr. Olaf Lambert, the AAs' director-general, in a letter to the Home Secretary, stresses that the organisation holds no brief for the law breaker. "But we do view with considerable concern recent developments in speed detection and the apparent lack of central control of the adoption of sophisticated devices."

The situation at present is that the Home Office would not supply expert evidence on most radar-based devices.

"However reputable commercial interests may be, it must be questionable to rely only upon evidence provided by those whose primary purpose is to sell the equipment."

The AA points out that the general motoring public is in no position to question the correctness of evidence supplied by sophisticated devices.

"We believe that the public has a right to expect that these detection devices of advanced design should not be used for prosecution purposes unless approved by the Home Office and used in circumstances also so approved."

Civil Service switching to flexible work hours

BY PAUL TAYLOR

THE PATTERN of working in the Civil Service is being changed by the introduction of flexible working hours. About 40 per cent of the service is now operating flexible working hours and the numbers are continuing to grow.

About 200,000 civil servants in many different departments now work flexible hours and by 1980, five years after the scheme began, it is estimated that between 50 and 60 per cent of the service's 500,000 non-industrial staff will be working the system.

Introduced initially as an experiment involving 10,000 Inland Revenue and Department of Health and Social Security civil servants in 1972 following a report on women in the Civil Service, the scheme has proved so successful that the service is now the UK's largest employer of flexible working hours staff. It is in a position to offer advice to other public and private sector employers on its introduction.

In 1975 the scheme was generally introduced following agreement between the staff and management sides of the National Whitley Council and the adoption of a code of practice covering flexible working hours.

That code, which is currently under review, specifies that flexible working hours should be achieved "without adverse effect on the overall efficiency of departments or on their service to the public."

Although it is generally accepted within the service that there are small departments with a non-administrative content, such as the Department of Prices and Consumer Protection where it would be difficult to operate flexible working hours it is thought the system may eventually be extended to all but about 25 or 30 per cent of staff.

Supervisors

Those now working flexible hours range from messengers to research staff within departments where a formal system has been worked out laying down a "core time," usually of about six hours, when everyone is in the office.

Outside of this "core time" individuals may arrive or leave work to suit themselves building up a credit or debit of up to 1½ days in every four-week accounting period to be carried forward into the next period. Special arrangements are made for normal leave, sickness and overtime.

The method of accounting varies between departments and is based either on manual recording systems using books checked by supervisors or machine or electronic means operated by keys or personal discs like conventional "clocking-in" systems.

The type of accounting system chosen depends on the individual department although, within budget restraints, there is a central encouragement for machine systems. Trust systems — based on individuals' memories rather than formal record-keeping are not operated in the service since it has been found preferable to operate systems both managers and staff "know where they are."

The major problems encountered by departments introducing flexible working hours range from the additional cost of the "clock-in" machines (up to £1.2m to date), the extra heating, lighting and security costs involved in keeping offices open longer, the provision of adequate supervision throughout the day and organisation problems of overtime and holiday payments.

The major, though temporary, problem has been that during the introduction of flexible working time this has sometimes provided a focus for other grievances.

However, the advantages are said to substantially outweigh the problems. From a management point of view flexible working hours have improved efficiency and tended to result in people "working when there is work to do." They have reduced overtime, improved recruitment and in general terms "improved the office atmosphere."

Pay offer to villagers joining cadmium tests

HOUSEWIVES in the Somerset village of Shipham are to be paid £10 each for keeping diaries of fresh or home-frozen vegetables they cook. A further £15 will be paid to those who provide a duplicate of all the food that one adult in the household eats.

It is part of a Government health survey at the village where unusually high levels of the poisonous heavy metal cadium have been found in the soil.

The survey has been organised by the Environment Department, and will include health checks, diet studies, crop, soil and dust sampling. About 400 households could be involved.

The health tests will be supervised by doctors from Westminster Hospital, London. Samples of dust will be taken from vacuum cleaners and some people will be asked to leave window sills undusted so that samples can be collected.

Scientists from Imperial College, London, will examine soil samples from the village.

Miss Mary Stephens, area nurse for the Somerset Area Health Authority who is co-ordinating a health visiting team of eight, emphasised that the tests would be purely voluntary.

She said: "People can participate in any part of the survey they wish. The more people tha co-operate, the sounder will be the judgement of the results in the end."

Scots fishermen protest against EEC rules

FISHERMEN from Scotland brought part of their catch to the House of Commons yesterday as a protest against "grossly insulting" EEC rules which they claim are killing their industry.

MPs and passers-by were given parcels of haddock outside the gates and told: "Have some while there is still some left."

The Scottish industry was demanding immediate measures to conserve stocks depleted by European trawlers and the restoration of traditional fishing rights.

"British waters supply 80 per cent of fish caught to the EEC but they only permit us to catch less than 30 per cent and to our minds this is a gross insult," Mr. Sandy Mutch, chairman of the Grampian region fisheries committee, which organised the 150-member delegation, said.

He added that the Scottish industry wanted a 50-mile fishing limit and immediate conservation measures because the area was being fished clean while talks continued. He saw no sense in a European community that gave generous aid to its farther-flung areas under the European Development Fund while simultaneously attempting to destroy the livelihoods of those same peripheral populations.

The delegation lobbied MPs including Mr. Bruce Millan, Secretary of State in Scotland and Mr. John Peyton, Shadow Minister for Agriculture and Fisheries.

Mr. Iain Sproat, MP for Aberdeen South, told the fishermen: "We are not getting justice out of the European Community at the moment, but your fishing industry is united and that is the most important weapon we have."

GLC criticised over Covent Garden plan

THE GREATER London Council has not met its obligations to provide housing and new jobs in the Covent Garden area of central London, residents said yesterday.

In a report on the first year of the council's Covent Garden Plan for revitalising the 100-acre area, the Covent Garden Community Association claims the council is destroying the area by "inaction and lethargy."

It says the area is being turned into an extension of the West End and that the promises made in the plan, which was intended to regenerate the area after the fruit and flower market moved out in 1974, providing homes, light industrial commerce and specialist businesses, are being "quashed by the GLC."

CONTRACTS

William Press

WILLIAM PRESS AND SON has been awarded a £5m contract for piping and mechanical equipment installation on the 250,000 tonnes a year pure terephthalic acid plant at ICI's Wilton complex.

★

ML AVIATION CO., a subsidiary of ML Holdings, has received production orders worth more than £.5m from Westland Helicopters for the naval and army versions of ML's new helicopter handlers for use with the Westland wheel and skid mounted Lynx Helicopters.

★

SPERRY UNIVAC has received an order worth £1½m from the Neill Group, which is replacing an original 1106 computer in Sheffield with the larger 1100/80, in a configuration which includes 512K words of memory, 600 MB of additional disk capacity, line printer and card reader.

★

JAMES DREWITT AND SON has been awarded a £500,000 contract for additional works at Crag Head, Manor Road, Bournemouth for Crag Head Developments. The work includes alterations to the 12-storey block of flat and garages along with associated works. James Drewitt and Son has also been awarded a £309,000 contract for extensions to the Haven Hotel, Banks Road, Sandbanks, Poole for Brownsea Haven Properties. The work includes a three storey 42 bedroomed extension in traditional construction with precast stone cladding together with various alterations and additions to the existing building.

★

A contract worth more than £100,000 has been placed with MARTINGALE TECHNICAL SERVICES for the supply of ceiling and air diffusion equipment to be installed for phase six of the new IBM central administration block at Havant.

★

AVON INFLATABLES, part of the Avon Rubber Group, has been awarded a major share, worth about £200,000, of a Royal Navy contract to supply Ministry of Defence-designed Gemini craft. Avon is to supply 140 craft to the Royal Navy. The boats, designed for commando and navy duties, are used for rescue, patrol, tendering and diving functions.

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Bus leaders see 6% as an interim deal

BY NICK GARNETT, LABOUR STAFF

UNION LEADERS representing about 20,000 municipal authority bus drivers and ancillary staff said yesterday that they were prepared to recommend an "interim" 6 per cent pay offer providing it was coupled with an independent inquiry into pay and conditions.

Mr. William Rodgers, Transport Secretary, has warned that tentative Government plans to increase support for bus operators would be withdrawn if settlements went into double figures.

Mr. Rodgers told members of the Confederation of British Road Passenger Transport that there would be no point in the industry pressing for an extension in the life of new bus grant if there was inflationary wages settlements.

Municipal passenger transport employers yesterday offered a 12-month deal within the pay guidelines now discredited; it is worth 5 per cent and a further 1 per cent under the guidelines' special low pay clauses.

Employers said the offer was their "absolute maximum" although bus drivers, who are seeking a similar deal to the average 22 per cent settlement won by lorry drivers, are threatening widespread industrial action.

However, representatives of the municipal authorities told union officials that although they considered an inquiry was irrelevant, they would be prepared to go along with the idea provided the inquiry was initiated by the Government.

Mr. Larry Smith, Transport and General Workers' Union national passenger transport secretary, has already written to the Government and to the Advisory, Conciliation and Arbitration Service proposing an inquiry. He expects to meet Mr. Rodgers, within the next few days to discuss the issue.

Passenger transport unions are seeking an inquiry which would cover pay rates for up to 100,000 drivers working for municipal authorities and for the National Bus Company, the Scottish bus group and related operations.

Wage talks for the seven passenger transport executives are held separately from the municipal authorities and the nationalised bus companies. Some executives have been in negotiations for several weeks and there has been a series of localised strikes and overtime bans.

The unions are seeking an inquiry which would compare bus drivers' pay with that of other "professional drivers," including lorry drivers who have just settled on a new basic top rate of £64 and £65.

If an inquiry were set up, union officials would recommend a special delegate conference to accept the 6 per cent offer, but only as an interim deal.

In the municipalities, a crew driver's basic pay for 40 hours is £34.39, but average earnings are more than double that.

Singer strike settled

BY LISA WOOD

AN UNEASY truce was reached yesterday at Singer's UK plant in Clydebank, when 350 workers dismissed for refusing to return to work voted at a mass meeting to start work again on Monday.

Under a peace formula negotiated this week between shop stewards and management, the assembly line workers will not be reinstated—instead they will be re-engaged. That means they will be "on probation" and liable to lose their jobs again if normal work is not resumed.

Unions are confident, however, that they can negotiate full reinstatement if there is no further disruption to production. The strike jeopardised other jobs at the factor and more than 1,000 workers were laid off. It started after management introduced reductions in overtime for the whole factory, in line with rationalisation plans which include, 2,000 redundancies. Those plans, thrashed out between unions and management over the last eight months, have twice led to threats of closure by the U.S. parent company.

The assembly line workers refused to accept the overtime cuts and the management reduced the number of workers on the production line

The 350 workers refused to accept that and the management issued dismissal notices

Mr. Hugh Swan, acting convenor, said: "The sackings are now off the table. The truce is pending reinstatement and the men will be working as normal." But after the meeting some who had voted against the union's recommendation of a return to work appeared reluctant to await the outcme of negotiations. One assembly worker said: "If we cannot work overtime next week, we will come out again."

● NEWS ANALYSIS—LUCAS AEROSPACE

Radical plans gain respectability

THE AGREEMENT between Lucas Industries, the trade unions and the Industry Department on the future of Lucas Aerospace in Liverpool and Bradford will not only bring some job relief to two hard-pressed areas but is the first official recognition of one the most ardical plans drawn up by workers for their own company.

Lucas Aerospace said in March last year that it was to close its Liverpool plant, which employed 1,450 workers, and its Bradford and Shipley factories which employed 750.

Unions threatened to obstruct the transfer of work from the Victor Works in Liverpool to Birmingham, and an unofficial combine committee of shop stewards said the cuts were the first part of the company's plan to trim its 12,000 workforce by a third.

The Government, wary of losing Merseyside support over redundancies, these eventually rose to 14,000 by the end of the year, stepped in with eniugh grant aid to persuade the company to make major changes to its restructuring plans.

Assistance

Lucas was to move to a purpose-built factory at Huyton, Liverpool, which would cost £10.5m to build, equip and fund and which would save 500 jobs.

The Industry Department would provide up to £3 for the plant, and further selective financial assistance of a £2.2m interest relief grant and regional development grants estimated at £890,000. The factory would be rent free for the first five years.

A further £2m would be available for a new plant in Bradford, which would employ 400 compared with the present 750.

Under the terms of the new tripartite agreement, construction of the new plants will proceed on the understanding that the closure of the existing works is in line with the company's plans over the next two years.

The Huyton factory, though, will now employ a further 300 workers and there will be no compulsory redundancies at Bradford and none at Liverpool in the next two years.

If the capital costs of the plants rise as a result of the agreement, more funds are likely to be made available. Talks will begin on the increased level of funding and on alternative products for the company between the department, the company and shop stewards.

The guarded agreement to consider "a limited number" of alternative products, some to be nominated by management and some by the Confederation of Shipbuilding and Engineering Unions, which would if they were considered commercially viable be manufactured on Merseyside, is a major victory for a radical shop stewards' plan first produced towards the end of 1975.

The plan was seen by both management and the stewards as a fundamental challenge to the way industry operates, and was rejected by the company in April, 1976.

The plan was an attempt to re-direct the company away from the manufacture of defence components to more "socially useful" products, including kidney machines, a revolutionary road-rail vehicle, and a heat pump powered by natural gas instead of electricity.

Not recognised

Because the shop stewards' combine cut across traditional lines of union demarcation, it was never recognised by the official CSEU, nor by the company.

It kept up its pressure, though, through its respectable academic contacts with the Open University, Queen Mary College, London, and especially the North-East London Polytechnic and through sympathetic groups such as left-wing Labour MPs, the Fabian Society and the Institute for Workers' Control.

Senior union officials such as Mr. Alex Ferry, CSEU general secretary, admit that the 14-strong official Lucas Aerospace Trade Union Committee set up to examine the company's proposed restructuring has built on the alternative proposals of the combine committee, despite the differences between them.

The CSEU committee's interim report, published this week, Turning Industrial Decline into Expansion; a Trade Union Initiative, which forms the groundwork on which the joint committee will now build.

The agreement by the company in concert with the unions and the Government to consider some alternative products, no matter how guarded or conditional that agreement is, a measure of how much respectability the shop stewards' radical plans have gained.

Hospital workers press their ideas for pay-talk progress

BY PAULINE CLARK, LABOUR STAFF

LEADERS of Britain's hospital and ambulance workers are expecting pay negotiations to get off the ground immediately after any signs of progress on resumed talks affecting Britain's 1.1m council workers.

The expected offer of a 9 per cent increase to the council workers however, may not be seen as an acceptable basis for renewed negotiations for the health workers.

The hospital ancillary workers, who have joined the four-week-old programme of selective industrial action by public service workers, are likely to press for both an efficiency bonus deal and a comparability study along the lines of the inquiry expected to be offered to the council workers.

Council workers' leaders have rejected any suggestion that a self - financing productivity bonus should be linked to loss of jobs, but health service unions believe there is considerably more scope in hospitals for deals associated with improved efficiency rather than staff cuts.

However, the Confederation of Health Service Employees says that local employers' record of reluctance to implement bonus schemes is a major problem. Lack of proper management training in hospital authorities, claims the union, is responsible for the position that, after ten years, only 26 per cent of hospital staff benefit from bonus schemes.

Ambulancemen are demanding a special comparability study that would look at rates for firemen and police. They claim they are the poor arm of the emergency services because of special-case deals awarded to the other two groups last year.

About 200 representatives of 17,000 ambulancemen meet in London next Tuesday to consider their pay position. So far they have been offered only a 5 per cent deal

Birmingham ambulancemen yesterday threatened a total 24-hour strike next week, but the National Union of Public Employees gave an assurance that the unions' position that emergency services must be maintained had not changed.

● Britain's 24,000 family doctors yesterday expressed "grave concern" about industrial disputes in the health service. The general medical services committee of the British Medical Association called on Mr. David Ennals, Social Services Secretary, to take immediate steps to ensure that adequate health care was available to all.

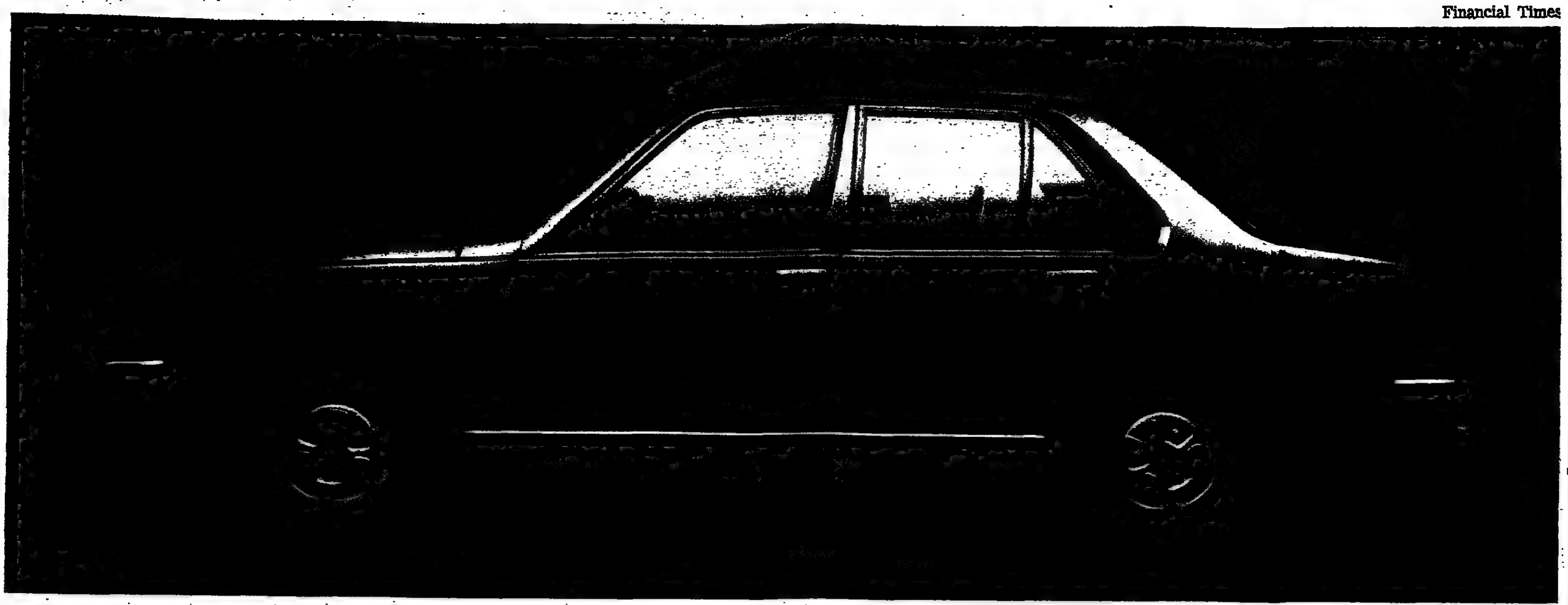
● London firemen will be handling only emergency calls for 33 hours beginning today, to protest against alleged delays by the Greater London Council over making pension arrangements for the widow of a dead officer.

BL inspectors return to work

THE 43 INSPECTORS at BL Cars' Rover plant, Solihull, whose walk out halted production on Wednesday, have agreed to return to work today.

The 2,500 workers laid off because of the dispute have been recalled, and production will be resumed. The inspectors have agreed to work normally while negotiations continue on their grievances about manning levels.

Production was also resumed at Longbridge, Birmingham, yesterday, after a six-day strike by 20,000 workers over the company's refusal to award parity payments.



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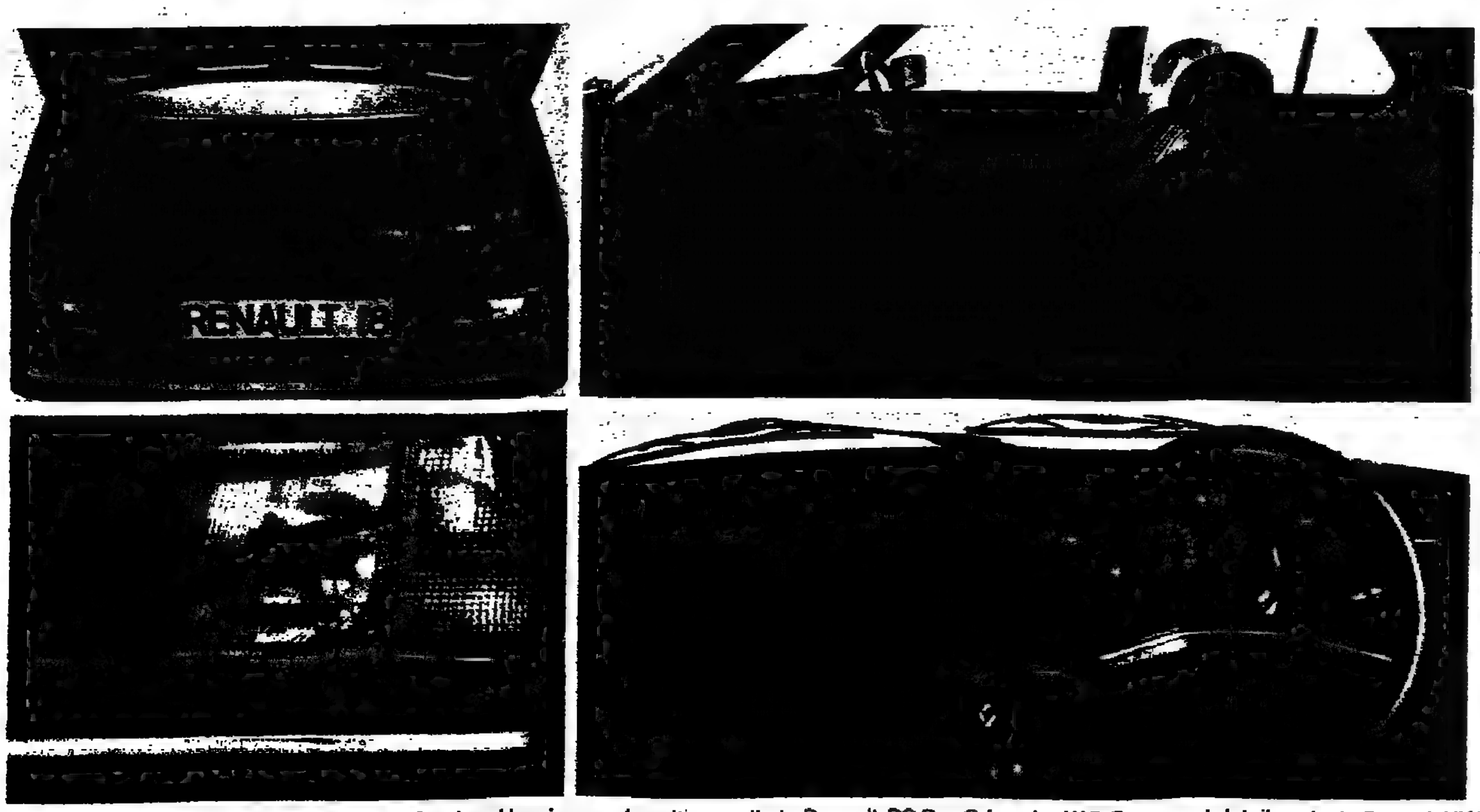

All in all, a test drive in a new Renault 18 should be enough to convince anyone that the French really can speak our language.

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Healey warns of pay rise danger to jobs

'Y IVOR OWEN

Ashley Ashwood

Mr. Denis Healey, the Chancellor

FURTHER warning that ssive pay settlements in the 'ic sector must lead to a ıction in manpower was n by Mr. Denis Healey, the ncellor, in the Commons erday.

ut he insisted that there is pay explosion and said the ıd is right for building on " new agreement reached veen the Government and TUC.

he Chancellor looked vard to further talks veen Ministers and the TUC ling to early decisions on ·to develop the institutions ded to consider such issues comparability, the possible ıronisation of pay settlents, and the basis for "no ke" agreements covering rkers responsible for ential services.

Vhen Sir Geoffrey Howe, Conservative Shadow ancellor, asked why the new eement with the TUC conned no reference to cash its, the Chancellor replied it these were a matter for the vernment.

"I have made it clear to the use that if there is an excess erage settlements the Government will not be prepared increase cash limits accordıly. That will become clear en we publish the cash limits the next week or two."

The Chancellor rebuked Mr. othy Smith (C., Ashfield) suggesting that the current y norm was now widely garded as being 20 per cent the private sector and 16 per nt in the public sector.

He pointed out that both the partment of Employment and e CBI data bank showed that e average level of settlements the private sector has been ıder 10 per cent. If account is taken of self-financing proıctivity deals the figure was out 8 per cent.

Mr. Healey told the Tory anches: "You do no good at all the national interest in edalling this figure of 20 per ent. That has been reached in ıly two cases in the private ector, 30 per cent of which as already settled in the resent round.

Mr. Roderick MacFarquhar (Lab., Belper) asked if the Chancellor still held to the view expressed earlier by the Prime Minister that if pay settlements could not be kept to the 5 per cent norm corrective measures would have to be taken in the Budget.

The Chancellor answered: "I have stated on many occasions that the Government will stick to its fiscal and monetary policies. We have proved our resolve in both these in recent weeks and that is one of the reasons for the stability of sterling at the present time."

An assertion by Mr. Nicholas Ridley (C. Cirencester and Tewkesbury) that the Government is faced with a deteriorating economic situation was dismissed as "quite wrong" by Mr. Joel Barnett, Chief Secretary to the Treasury.

He accused Tory MPs of gleefully prognosticating a poor pay out-turn and urged them to back the Government in seeking to ensure a moderate outturn.

A new call to the Government to honour its obligations to move to free transferability of capital inside the Common Market was made by Mr. Peter Rees, a Conservative spokesman on Treasury affairs.

Mr. Healey reminded him that a number of European countries operated exchange controls on capital movements in order to protect elements in their economic performance.

"We have no intention of being an exception to this general rule," he said.

Increase in money supply

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

'TERLING M3, the broadly lefined money supply, including ash and bank current and even-day deposit accounts, rose y £1.29bn, or 2.6 per cent, in he five weeks to January, on seasonally adjusted basis.

This was announced yesterday by the Bank of England. The narrowly defined money supply, M1, rose by £494m, or 2 per cent, in the same period for an increase of about 3½ per cent during the latest three three months.

Net purchases of central government debt by the non-bank private sector amounted to £531m, unadjusted, of which £431m was in gilt-edged stock.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1			Money Stock M3 Sterling			Bank lending*		Domestic credit expansion	
	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1978										
June 21	−309	−94	−0.4	208	148	0.3	642	536	522	313
July 19	763	409	1.7	935	514	1.1	1,006	559	644	110
August 16	134	14	0.1	−496	−480	−1.0	−164	264	−366	−290
Sept. 20	138	509	2.1	479	570	1.2	12	204	545	714
Oct. 18	407	251	1.0	543	521	1.1	409	352	574	541
Nov. 15	30	−62	−0.2	246	109	0.2	284	345	120	113
Dec. 13	987	390	1.6	952	492	1.0	10	398	1,255	836
1979										
Jan. 17	−544	494	2.0	336	1,287	2.6	1,179	479	297	839

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills

Source: Bank of England

Political donations attacked

By James Bartholomew

THE Government has come out against a Labour backbench move to give shareholders the right to opt out of company political contributions. This means that the proposed amendment to the Companies Bill will probably fail.

The amendment was proposed yesterday in the committee stage of the Companies Bill by Mr. Ian Mikardo, the leftwing Labour MP for Tower Hamlets, Bethnal Green and Bow.

He said he had drafted his amendment so that the proposed rights of shareholders to opt out of company political payments would resemble as closely as possible the equivalent rights of trade unionists.

The amendment should be uncontroversial, he said, since it was an accepted tenet of British justice that "what is sauce for the goose is sauce for the gander."

Mr. Cecil Parkinson (C. Hertfordshire E) said the apparent fairness of the amendment was "spurious."

Political payments by companies were "much more democratic" than those made by unions. They appeared in company annual reports and accounts and shareholders could easily sell the shares if they were against the payments.

It was much less easy for unionists to change their affiliation—sometimes their jobs depended on their union membership, he said.

PM urges swift end to council strikes

AN URGENT appeal for an "early and swift" end to the council workers' strike was made in the Commons yesterday by the Prime Minister.

Mr. Callaghan emphasised that, as far as he was concerned the basis for an honourable settlement had existed since the middle of this week.

Mr. Stanley Crowther (Lab., Rotherham) told him that the country could not expect to go on indefinitely getting public services on the cheap. The money had to be found to maintain efficient local government services.

Mr. Callaghan replied: "There is, and has been now for nearly a week, the basis of an honourable settlement on local authority pay.

"I hope that both unions and employers are going to come to grips with this quickly and put an end to it.

"I believe a settlement could have been got during the middle of this week. I ask them, most urgently, to get together and bring this matter to a conclusion."

The Prime Minister was not very forthcoming, however, when Mr. Jo Grimond (L., Orkney and Shetland) asked him to spell out quite clearly what the level of settlement should be.

Mr. Grimond reminded him that, until a week ago, local authorities were still defending the Government's 5 per cent pay policy.

There was laughter from the Tories, as Mr. Callaghan replied: "I can only repeat that I don't wish to go into details on these matters when negotiations are taking place.

"The local authority employers are aware of the Government's attitude and position. So are the unions."

During questions to the Prime Minister, there were echoes from Wednesday's announcement of the new agreement between the Government and the TUC on strikes and industrial relations.

Mrs. Margaret Thatcher, the Conservative leader, recalled that Mr. Callaghan had said that he was not a "closed shop" man.

She wanted to know if he had sought assurances from the TUC that workers who lost their jobs, as a result of the closed shop, would be reinstated.

"How can you agree to a document that permits blacking as a means of achieving the closed shop?" she asked.

The Prime Minister replied that Mrs. Thatcher was quoting only half of the joint statement, but he preferred the other half:

"Namely, that it is for the unions to convince workers in industries and companies by the merits of the unions that they should be members of those unions, rather than rely on any other method.

"That is the part of the statement that should animate attempts to secure a closed shop."

Mr. Peter Blaker (Con, Blackpool South) asked the Prime Minister if he was aware that the French definition of "concordat" was an agreement by a bankrupt with his creditors. Hastily Mr. Callaghan explained that he had always refused to use that word to describe the agreement with the TUC. It was, he said, "an invention of the media."

No clues about Budget date

BY IVOR OWEN

MR. DENIS HEALEY, the Chancellor, left MPs guessing in the Commons yesterday about the date of his next Budget.

"An announcement will be made in due course," was the only clue he was prepared to offer.

Mr. Peter Rost (C., South-East Derbyshire) asked: "When do you expect to punish the British people for your irresponsible overspending—before or after the General Election?"

There was laughter from both sides of the House when the Chancellor retorted: "I suspect I shall do that when you stop beating your wife."

Mr. Bob Cryer (Lab., Keighley) wanted to know if it would be a "hair shirt" Budget.

The Chancellor replied: "Whether the vestment is made of hair, silk or some other fabric remains to be seen."

Tory visit to Rhodesia

By Richard Evans, Lobby Editor

TWO SENIOR Conservative MPs are to visit Rhodesia next week to assess the political, military and economic situation and to advise Mrs. Thatcher on observers for the elections on April 20.

Mr. Paul Channon, MP for Southend West, and Mr. Peter Blaker, MP for Blackpool South, will spend at least a week in Rhodesia and might decide to visit other countries in Southern Africa at the same time.

On their return, they will advise the Tory leader on the number of observers required and the role they should play. The Conservatives are highly critical of the Government for deciding not to send official observers to the elections.

VAT rate

OBSTACLES IN the way of raising the VAT threshold and reverting to a unified rate were spelled out in the Commons yesterday by Mr. Robert Sheldon, Financial Secretary to the Treasury.

He said the threshold had been raised regularly over the past few years and stressed that it was now "almost as high" as the EEC harmonisation arrangements permitted.

S. Africa wages report

MOST British compaines operating in South Africa set conditions which "severely curtail" the freedom of black workers to negotiate through their own trades unions.

But most UK subsidiaries do appear to be adopting an "encouraging" position on African wage rates.

These were among the most important conclusions put forward yesterday by Mr. John Smith, Secretary of State for Trade, when giving the Government's first analysis of how UK companies are matching up to the new EEC code of conduct for companies operating in South Africa.

Under the code, the Government has asked companies to submit annually details of their subsidiaries' employment practices towards blacks. Compliance with both the code and the request for information is voluntary.

By the end of January, reports had been received from 173 companies, 131 from so-called "Category A" companies, those holding 50 per cent or more of the equity of a South African company and employing more than 20 blacks.

Although officials do not have precise figures, they maintain that these 131 returns probably cover 90 per cent of blacks employed by Category A companies—the main focus of British attention.

Giving an analysis of the returns of 109 of these Category A companies, Mr. Smith said it appeared that 87 per cent of their black employees (some 85,000 were paid rates above the minimum advocated in the EEC code.

Some 13 per cent were paid below this level, of which about 2.5 per cent of people might be paid less than the minimum level required to satisfy the basic needs of an employer and his family.

The Minister said that while it was encouraging that 87 per cent of employees covered in the analysis appeared to be paid above the recommended figure, "the failure of some companies to attain the cash wage levels set by the lower datum indices is disturbing."

Callaghan orders review of Canvey Island safety

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Prime Minister has asked the Government departments concerned to carry out a further review of the industrial safety situation on Canvey Island, Essex, and to report to him on the results.

This follows a letter sent to him by Sir Bernard Braine (C, Essex SE), questioning the findings of the report, from the Health and Safety Executive last year.

Sir Bernard and local environmental groups maintain that the concentration of oil refineries and methane gas on the island constitutes a serious hazard.

The Health and Safety Executive concluded that the safety of local residents could be ensured if certain improvements were carried out.

Mr. Callaghan has now asked departments — in particular Employment and Environment —to report to him on the latest situation and to say if anything further can be done to improve safety precautions.

Last night, a spokesman for the Department of Employment which is responsible for Health and Safety at work, said that some of the recommended improvements were now in hand.

The methane gas pipeline from Canvey to Greenwich had been emptied and the quantity of gas stored on the island substantially reduced. Discussions were alo taking place with the Port of London Authority concerning speed restrictions on ships passing the island.

In the Commons yesterday, Sir Bernard asked Mr. Callaghan whether he had received his letter. According to Sir Bernard, subordinate Ministers still did not grasp the peril which faced his constituents. There were 8,000 of them living in a danger area.

Mr.Callaghan told him that he had asked that a full investigation should be made and that departments should report to him on the matter.

The Government is reviewing this matter and will reach "a conclusion," he said, "whether we can totally safeguard the lives of all your constituents is a matter we shall have to consider."

Porton Down transfer suggested

PART OF the Porton Down research station—renowned for its work on germ and chemical warfare—is to be transferred from the Defence Ministry to civilian control, under a Bill which got an unopposed second reading in the Commons yesterday.

Mr. David Ennals, Social Services Secretary, said the management of the Microbiological Research Establishment, part of Porton Down, in Wiltshire, would be given to the Public Health Laboratory Service Board from April 1 this year.

The Establishment's work has included preparation of a vaccine to contain the 1957 Asian flu epidemic and identification, in 1967, of the highly contagious green monkey disease.

Mr. Ennals said current projects included production of various vaccines, and work on genetic engineering and on treatment of some forms of leukaemia.

It was proposed that the MRE should be known as the Centre of Applied Microbiology and Research, concentrating primarily on health and preventative work.

"The new centre will play an active part in promoting laboratory safety . . . helping to advise and train those working in other laboratories," said Mr. Ennals.

"I have great confidence that, by transferring the management of the MRE to the Public Health Laboratory Service Board, we are ensurin gits future and the future of its work in the most important and valuable field of prevention."

For the Opposition, shadow social services secretary Mr. Patrick Jenkin criticised the Government's handling of the MRE since the March 1976 Defence White Paper which had foreshadowed the changes at Porton Down.

Commons business next week

COMMONS

Monday and Tuesday: Debate on the first report from the procedure committee, session 1977-78.

Wednesday: Motions on the Northern Ireland orders on Rates Amendment, and judgments enforcement. Motion on EEC documents on the Community Budget.

Thursday: Debate on the White Paper "The Review of the Mental Health Act 1959."

Friday: Private Members' Bills.

LORDS

Monday: Greater Manchester Bill, Isle of Wight Bill, South Yorkshire Bill, Tyne and Wear Bill, Kiribati Independence Bill, Nurses, Midwives and Health Visitors Bill, Second Readings.

Tuesday: Films Bill, Legal Aid Bill, National Land Fund Bill, Public Lending Right Bill, and Ancient Monuments and Archaeological Areas Bill, committee stages. Short debate on Strategic Arms Limitation.

Wednesday: Short debates on population of Columbo, and on disarmament, Criminal Evidence Bill, third reading.

Thursday: Films Bill, third reading, Social Security Bill and House of Commons (Redistribution of Seats) Bill, committee stages. Rates Amendment (NI) Order Wild Creatures and Wild Plants (Amendment) Bill, report. Legal Aid Bill, third reading. Short debate on the London airports.

Law man welcomes changes

THE Scottish Assembly would have a vital role to play in the revision of Scots law, which at the moment had to rely on the piecemeal attention of Westminster, the Scottish National Party said yesterday.

Professor Neil MacCormick, an SNP executive member and Professor of Public Law at Edinburgh University, said Scotland had preserved its own lega lsystem since the union of the Parliaments in 1707.

"But a legal system without a legislature is apt to become an unintelligible mess.

"I look forward to a Scottish Assembly taking a steady and serious consideration for the whole quality of Scots law.

"Nothing could be more important for the quality of Scots life."

At the moment, Scots law had to pick up changes from bits and pieces of legislation here and there, he said.

The law on formation of contract was still governed by a 300-year-old Act of the Scottish Parliament.

The Scots law of succession had taken 35 years ot amend since it had first been considered officially and the divorce law reform had taken nearly as long.

At a public meeting last night, Mrs. Margo MacDonald, one of the leaders of the Yes for Scotland campaign, said it was in the interests of Shetlanders to vote for an asembly.

The Islanders have strong reservations about devolution and want their own special arrangements, but Mrs. MacDonald said that Shetland would be likely to find an assembly much more sympathetic and understanding of local needs than Parliament in London.

The Court of Session in Edinburgh will give a decision today on an application from members of the Labour Vote No anti-devolution group, led by Mr. Tam Dalyell (Lab., W. Lothian) to prevent independent television companies from showing party political broadcasts during the campaign.

The No campaigners argue that since broadcasts have been allocated on a party basis, rather than equally between pro- and anti-devolution groups, there will be a 3-to-1 bias in favour of the Yes side.

The Labour Party, SNP and Liberals are in favour of devolution, with only the Conservatives against.

The Scottish Office said that counting the referendum votes would not start until the morning afer the poll.

Problem of seizing power with shackled wrists

Ashley Ashwood

Mr. George Cunningham

WHEN Mr. James Callaghan officially opened the referendum campaign at a rally in Glasgow on Monday night, he said that Scotland should "seize with both hands" the opportunity that will be given it on March 1.

What he did not add was that it would be difficult for either Scotland or Wales to do this because those campaigning for devolution are having to do so with one hand tied behind their backs.

The referendum in both countries is loaded on the side of the No voters. For the first time in British politics since universal suffrage, a simple majority of those voting will not be sufficient to carry the day.

To win, the Yes vote will have to total at least 40 per cent of those on the electoral register in Scoland and Wales.

This constitutional innovation was not the product of Mr. Callaghan or the Government.

It was introduced into the Scotland Bill in January last year, and later repeated in the Wales Bill, as a result of a coalition between anti-devolution Labour MPs and the Conservative Party.

The clause means that, for the first time in a British election, those wanting to carry the day know almost to a vote what they have to do to win.

There are some 3.8m voters on the Scottish register. To get over the 40 per cent hurdle, 1.52m must vote Yes for devolution to be achieved. Wales has about 2m voters on the register and the necessary figure is 800,000.

That is the theory. In practice things aren't that simple. To begin with a 100 per cent turnout is physically impossible since some people on the register will have died since they filled in their electoral voting form last October. Others will have moved home. Some will be too ill to vote and yet others, such as students and nurses, will have their names down twice.

It is quite common for students in university towns such as Aberdeen and Aberystwyth, Swansea and Stirling, to register both where they are living during term time and at the their home addresses. There is nothing illegal in this: it is illegal only to vote more than once.

The Government has admitted that there is an element of unfairness here and has made certain concessions.

It will deduct from the number on the register all those young people who do not reach the age of 18 before March 1 and who are therefore not eligible to vote anyway.

It will also attempt to eliminate those who have died, and those in prison.

Although it would like to, it probably cannot put a precise figure on the number who are double registered, so it will discount an estimated number of these.

Sometime between now and polling day the Government will announce a figure for both Scotland and Wales and these figures will be subtracted from the actual number on the register.

The probability is that this figure will amount to about 2½ per cent of the total on the register. By producing a revised electorate, a greater degree of fairness will be introduced though it will still leave the Yes campaigners with an uphill task.

The pattern of voting in general elections gives a better guide to what the 40 per cent hurdle means.

General elections invariably produce the highest turnout of any British poll. In the recent past they have produced a turnout of around three-quarters of those on the electoral registers.

At the October, 1974, election there was a 76.5 per cent poll in Wales and 75 per cent in Scotland.

Other elections are less well supported. The referendum on entry to the Common Market in June, 1975, produced a 65 per cent poll throughout the UK and council elections range for the most part between 30 and 40 per cent.

Even the referendum held every seven years in Wales to determine whether the pubs should open on a Sunday rarely excites voters.

As the actual number voting drops, the 40 per cent hurdle assumes increasing importance because however many people go to the polling station there would, on the basis of the 1974 election, have had to be a minimum of 1.52m people in Scotland and 800,000 people in Wales voting Yes.

Suppose, for instance, the March 1 poll repeats the pattern of the last general election—probably in optimistic hope. Only 2.85m would vote in Scotland and so the 1.52m necessary to vote Yes would represent 53.3 per cent of those actually going into the polling station.

In Wales, a general election-type turnout postulates that the Yes voters must equal 52.2 per cent of the poll for them to be equal to 40 per cent of those on the register.

The hurdle gets higher as the poll drops. If we take the EEC referendum poll in 1975 as an example, then 61.5 per cent of those turning out have to vote Yes in Scotland and 61.2 per cent in Wales.

If only half the electorate votes then four out of every five of the votes cast have to be Yes and if the turnout drops to 40 per cent every single person has to vote Yes.

The 40 per cent rule was the brainchild of a maverick backbench Labour MP, Mr. George Cunningham. Mr. Cunningham has represented an inner London constituency since 1970 but his roots are north of the border.

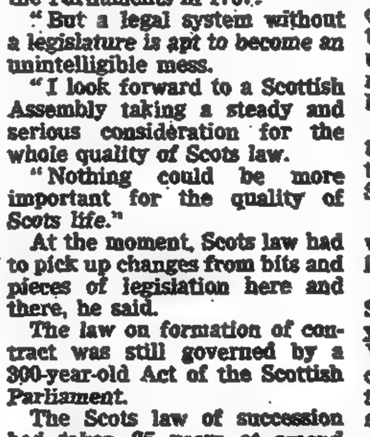
His parents are Scottish and he was at school in Dunfermline before moving south to university and work in the civil service, at the Commonwealth Relations Office and the Ministry of Overseas Development—and with the Labour Party.

He believed that proponents of devolution in Scotland ought to be able to overcome the 40 per cent hurdle if they wanted such an important change in the constitution. That applied to Wales, too.

Ironically, the number of MPs voting on the night he got his clause into the Scotland Bill was exactly half those in the House of Commons. It was carried by 166 to 151 in a 635-strong House.

Those supporting Mr. Cunningham represented 24.5 per cent of all the MPs.

If a clause similar to that of Mr. Cunningham's had been applied to the vote in the Commons his intervention would have failed. That's politics.



Devolution reports by Robin Reeves, Ray Perman and Anthony Moreton

Illegal tactics alleged

THE UMBRELLA No Assembly campaign in Wales was yesterday accused of acting illegally by using the Post Office commercial delivery scheme for distributing anti-devolution literature in Montgomeryshire.

Mr. Raymond Edwards, organiser of the pro-Welsh assembly umbrella group, announced that he had written to Mr. Merlyn Rees, the Home Secretary, to ask whether devolution opponents were entitled to use this service for political purposes.

"The referendum is governed by the Representation of the People Act. Therefore, any literature distributed should be properly designated as political material," he said.

He claimed to have been inundated with protests following the delivery of No campaign literature by postmen in the county.

Speaking in Montgomery, Mr. Emlyn Hooson, the county's MP and president of the Welsh Liberal Party, accused devolution opponents of deliberate, scare-mongering tactics.

He claimed they were spreading false rumours, such as Welsh people would no longer be treated in English hospitals if there was a vote in favour of the Welsh assembly on March 1.

Irish seek Assembly

EXTRA SEATS at Westminster for Ulster MPs will not lessen the determination of MPs to press for their own Assembly, Lord Melchett, Northern Ireland Minister of State, told the Lords yesterday.

He was speaking during a debate on the House of Commons (Redistribution of Seats) Bill which increases representation at Westminster from the present 12 to 17 seats.

The Bill, which has already completed its Commons stages, was given an unopposed second reading.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

M & S plan cuts cost of hot water

BASED ON technology provided by the engineering services department of Marks and Spencer, the subject of a provisional patent, a major energy-saving programme is in progress throughout the big M and S stores up and down the country.

Hall and Kay Engineering (Staveley Industries Group) is looking after the northern sector, while Marryat Jackson Norris is operating in the south.

Apparently simple in concept—energy is saved by extracting otherwise wasted heat from the hot gas section of the refrigeration compressors used in chilled food displays—the equipment nevertheless demands careful engineering if it is not to disturb the functioning of the refrigeration equipment.

Reclaimed heat is taken up by water which is fed to the main heater for the stores' hot water supplies.

The refrigeration compressors run round the clock from one end of the year to the other and there is clearly quite a large amount of energy to be recovered. It is taken at the gas superheat stage, after the gas has picked up heat from the displays and during compression in the compressor. A small heat exchanger is installed at this point, ahead of the air cooled condenser.

During the summer months, the superheat section can be running at as high as 120 degrees C, while in winter, 70 degrees is normal. Electric heaters would generally pick up mains water at around 16 degrees and heat it to 60. Any pre-heating is thus a saving on power consumed.

Eight months' running tests on a plant of this type, built by Marryat Jackson Norris for Marks and Spencer, have been carried out by the latter group. The tests demonstrated that a power consumption saving for water heating of some 76 per cent was possible. In the store concerned, annual cost of energy before the alterations to the system was £1,750 and this was reduced to a rate corresponding to £405 a year.

Pay-back periods for the equipment run from one to three years and it is the intention of the company to extend the use of this form of heat recovery to all its stores, it is understood.

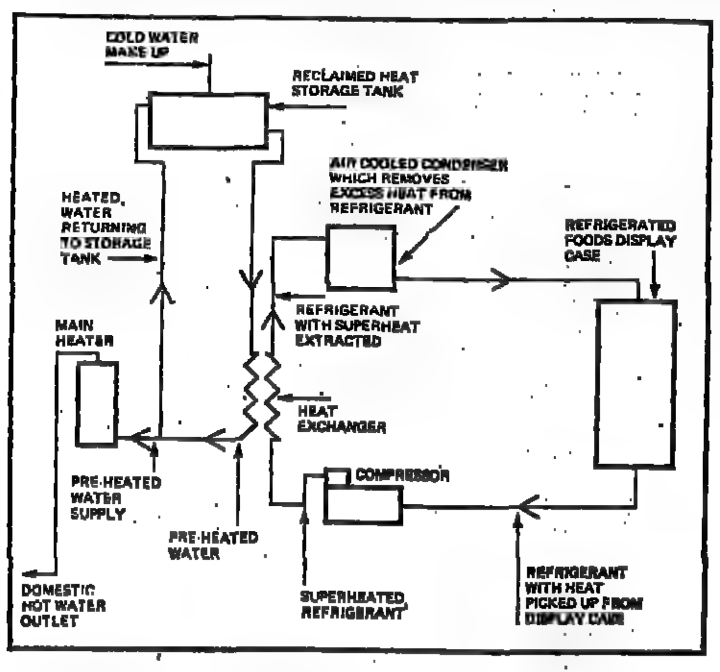
Meanwhile, Hall and Kay has completed five installations and is working on a further six. Marryat Jackson Norris has completed three and has six in hand. Additional to these, the latter company has installed two solar energy units.

Developers say that apart from frozen food cabinets and chilled displays, the system could be extended to most continuous processes using reciprocating refrigeration equipment.

The small heat exchangers used in the equipment are made by Searle Manufacturing of Fareham, Hants.

The scope of the heat-recovery equipment extends across all the large food retail chains but also to the refrigerated warehouse and distribution centre world where vast amounts of energy are consumed.

Further details from Hall and Kay, Birch Street, Ashton-under-Lyne, Lancs. 061-330 6631. Marryat Jackson Norris, 11 Dingwall Road, Croydon, Surrey. 01-686 5577.



● DATA PROCESSING

Centre-file grows quickly

ONE OF the largest computer installations of its kind in Europe is nearing completion at the new Leman Street, London headquarters of Centre-file, computer bureau subsidiary of the National Westminster Bank Group.

Total cost of the equipment newly installed is in the region of £10m. It includes two large central processing units, an IBM 3033 and a 3032. Together they will more than double Centre-file's computer processing capacity. Leman Street property development has cost £3½m.

Additional peripheral equipment has also been installed. Among the new items are two IBM 3800 laser printers, each of which can print up to 13,360 lines per minute. This brings the printing capacity of the installation up to 40,000 lines per minute. Extra disc capacity has been installed with 24 IBM 3350 fixed dics, thereby increasing the on-line disc capacity by 7,200m bytes. These discs will be used for fast access and on-line teleprocessing requirements. The magnetic tape equipment has also been increased by the addition of 12 IBM 3420 Model 8 tape drives, each of which has a transfer rate of 1¼m bytes per second.

Centre-file is also applying IBM's latest storage technology by installing an IBM 3850 Mass Storage device capable of handling data cartridges containing 100,000m bytes of information. This method of storage will allow more data to be held on-line permitting historic information to be stored economically and providing opportunities for the development of new services.

Paper consumption is of the order of 10 tonnes per day.

Centre-file management expects a turnover for the current year of £12.8m compared with £10.9m in the previous exercise. Growth is now of the order of 30 per cent annually.

On line are 27 brokers who account for some 50 per cent of all the transactions on the London Stock Exchange. Also on line are 80 building societies, representing 3m accounts.

The company's payroll service now covers 1,900 companies with 650,000 employees and the cash turnover is £97m a week.

Management sees no problems in meeting expansion targets, nor does it see any halt to growth in demand for batch processing.

Watch over machinery

A FLEXIBLE method of monitoring the status and performance of production machinery is offered by Base Ten Systems, Unit 3, Lower Farnham Road, Aldershot, Hants. (0252 312911).

The unit can accept up to 32 digital or switch contact inputs via a multiplexing unit, and optionally analogue signals can be accommodated as well.

Data on each machine can be stored for periods up to about a week in the micro's solid state store (up to 16k) and the unit is programmed to signal problems arising during that time—for example, the impending need for a tool change.

There are 24 digital output lines to alert shop floor personnel by means of coloured lamps, audible alarms or other displays, and a printer or visual display unit can be connected to obtain reports.

Known as IMS/300, the unit is contained in a small sealed industrial case and is flexible in its treatment of incoming data by virtue of the software approach. The monitor makes its own decisions, controls the formatting of the data and can provide outputs in whatever way is convenient. Connection to a central computer is possible.

● LUBRICATION

Improved cutting oils

TWO NEW soluble cutting oils are being marketed by Valzol Lubricants.

One, called Safety Soluble No. 3, is for general machining in dilutions up to 50:1. The other, No. 15, is for use where tools operate under high stress.

Major advantages, says the company (Excelsior Buildings, 61 Bridge Street, Walsall, West Midlands WS1 1JW) include little odour, freedom from nitrate, higher than average dilution rates and improved tool life.

● POWER

Load stays on target

TO PREVENT the maximum demand element of industrial electricity bills becoming an embarrassment, Felmount Engineering, Upper St. John Street, Lichfield, Staffs WS14 9DU (05432 24899), has introduced a maximum demand controller that operates over the 30-minute time periods set by the local Electricity Board.

Taking into account the types of load involved and the demand foreseen, an ideal demand format can be set on the controller which then displays the ideal power demand at any moment, the actual power being consumed and what is in hand (or in deficit) from the start of the period. The process restarts each half-hour and the interval is divided into six-minute segments for close control.

Action to implement load shedding can be manual, or the device itself can be made to shed load automatically.

● QUALITY CONTROL

Environmental tests

RELATIVELY LOW cost environmental testing of components and finished products can be carried out with HCL-79 cabinets put on the market by Climaire Air Conditioning, Apsley Road, New Malden, Surrey (01-949 3381).

These self-contained units are designed for bench mounting and are available in 15, 30 and 100 litre capacities. They can produce air temperatures in the range −70 to +100 deg C, controlled to one degree; cooling is by injection of either liquid nitrogen or carbon dioxide.

The chamber can be manually or automatically controlled by remote or integral instrumentation and full safety facilities are fitted.

Interior of the chamber is in light gauge stainless steel of all welded construction and the exterior surfaces are mild steel finished in acrylic stove enamel.

● PROCESSING

Dispenses small amounts

SMALL VOLUMES of powder constituting a minor but vital addition to a process can be dispensed accurately and safely using a "micro-bin" system put on the market by BUL Systems, Shipston on Stour, Warwicks (0608 61951).

Attention to the dispensing of these "salt and pepper" quantities has, says the company, been scarce and it has recently applied for patents on a method of handling such ingredients using a combination of bin and feeder which can dispense direct into process.

Bins are available in sizes from two to 20 cubic feet; loaded and sealed, they are drawn from storage as needed and located on the service frame at the point of use. Snap-on connections provide pneumatics for the feeder and control functions. Each bin has its own feeder to avoid cross contamination, with adjustable feed rates.

When the correct amount has been delivered to the process, either under operator supervision or automatically to a pre-set weight, the connections are broken and the bin returned to store.

● TRANSPORT

Moves bags without drag

HARD WORK caused by dragging airport passengers' luggage into the holds of 'planes can be eliminated with the use of a baggage conveyor car, says Power Lifts, Hadley Works, Caxton Way, Holywell Industrial Estate, Watford WD1 8TJ (Watford 27724).

Baggage is manually transported on to a moving belt which conveys it into the aircraft's hold. All controls are operated from the driving seat, with the exception of the conveyor which is operated by two sets of push buttons mounted at each end of the belt.

● HANDLING

Prevents a waste of powders

CHEAP MECHANICAL handling system from Sweden promises to successfully contain and transport granular and powder materials without the risk of spillage. Made by Holmens Bruk Ab, the Pallbin system is marketed throughout the UK by sole agent Thomas Simson and Co., Langley House, West Hill, Oxted, Surrey (988-7551).

Dangerous chemicals, raw materials for the plastics industry, etc., have had to be contained in bags which, apart from the hazards of bursting, have been necessarily large, which also presents handling and storage problems. Vehicles may accidentally run over the bags and cause them to burst with the result that toxic materials are released. Loading and unloading of them is arduous and time-taking, too.

The Swedish system can be operational within two or three minutes, even for inexperienced personnel. Construction from the various components — pallet, hardboard sheet, liner, and top cover needs only one piece of equipment, a former to produce a cylinder from a sheet of hardboard.

Hardboard cylinder, which is located on the pallet, utilises a patent fastening system to lock the components together. Carrying capacity of the bin is between 0.5 cubic metres and 1.5 cubic metres, depending upon specification, whilst load capacity can be in excess of two tonnes per unit.

Regardless of the large volumetric capacity, storage of the bins present little or no problems, says the company, since the containers are delivered in component form.

Height and diameter of cylinders can be specified, and a range of pallet styles is available. These include options of bottom discharge capability, and discharge either by suction or by the more regular turn-over dump discharge method.

● RETAILING

Till cuts the chores

FURTHER electronic cash registers from Sweda International, 27 Goswell Road, London EC1M 7AL (01-253 3090) give added benefits at reasonable costt o store managers, sales assistants and customers by dealing automatically with many kinds of transaction variable, showing the details clearly and providing day-end or other reports.

The model L25-20, for example, has six keys for category of goods sold and either the number of items sold or number of customers for each category or department will increment on the management reports.

Bright displays in inch-high characters are provided on assistant and customer sides of the till, or optionally a turret version can be provided. There are separate journal and audit roll print-outs. One or two assistants can use the machine, the transactions of each being separately treated in the records.

Apart from the numerical keypad there are also keys for cheque, charge to account or cash tendered, with change computation if required—the keys can be programmed to suit the user. Keys can also deal with promotional coupons, discounts, multi-item sales, tax percentage increases, refunds and part payment on account.

● CONSTRUCTION

Air-cooled compressor

FOR COMPRESSOR applications where there is no access to cooling water, Elliott Turbomachinery has designed an air-cooled version of the PAP-Plus packaged centrifugal compressors.

In the standard version plant air package, the compressor has three stages with two shell and tube inter-stage coolers. The new air-cooled version features air-to-air fin-fan heat exchangers, which are fully integrated into the compressor control system. A separator system, common to both versions, removes condensed moisture between each stage.

The air-cooled version has the same rating as the standard version. That is, capacities from 700 to 3,000 cubic feet per minute at pressures up to 150 lb psi.

The new version has obvious applications in such areas as desert pumping stations in the gas and petro-chemical industry. For this reason, the air-to-air heat exchangers and controls are designed for the arduous conditions likely to be encountered and are mounted high to be clear of sandstorms.

To minimise site work, the compressor, driver and controls are mounted on a rigid base-plate. Foundations, or shims are not required nor is it normally necessary to grout the unit in place.

Elliott Turbomachinery, 197, Knightsbridge, London SW7 1RB.

● PACKAGING

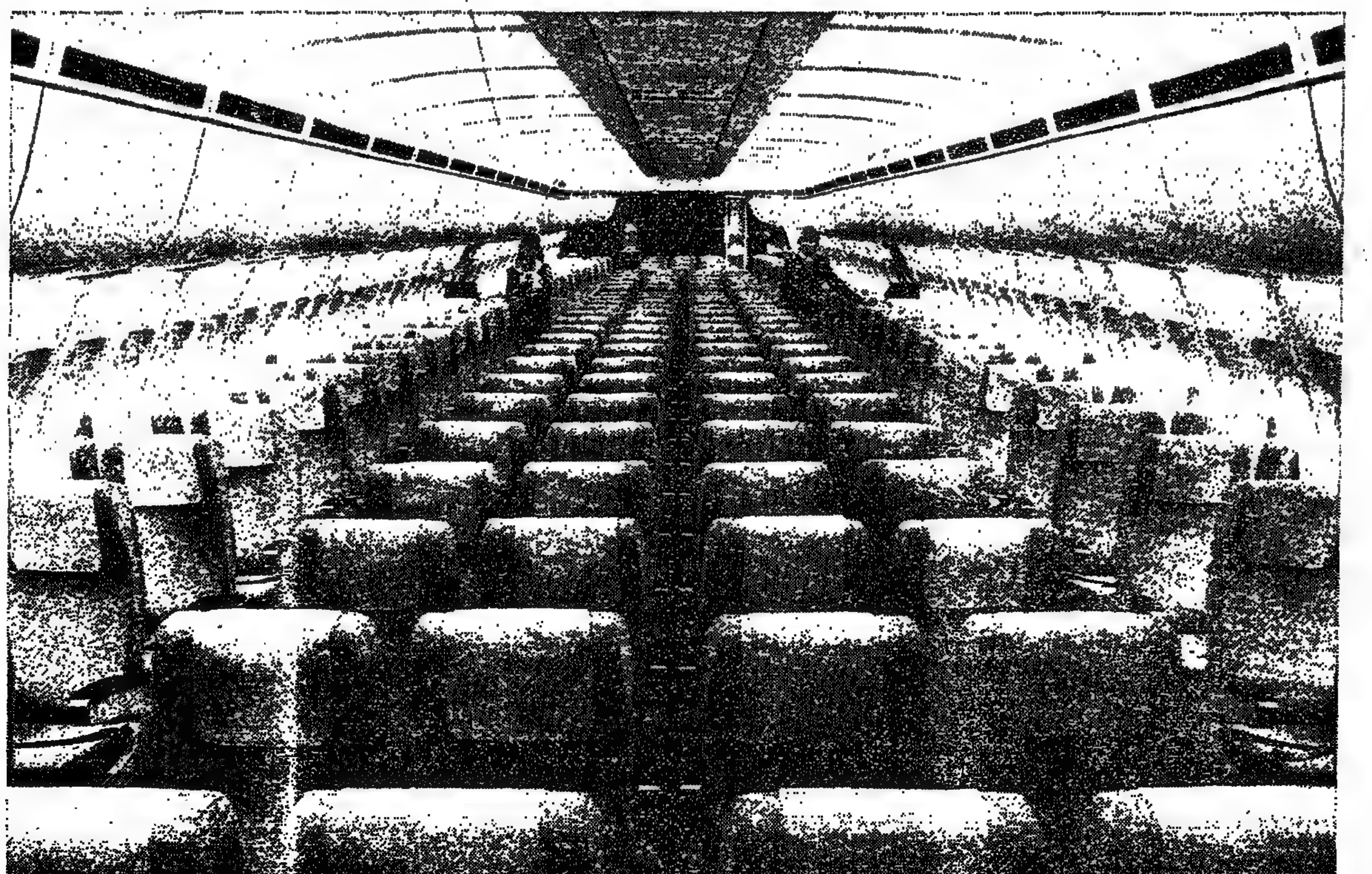
Keeps big paper reels

TIMPERLEY has a new reel stretch wrapper which will produce significant cost savings over current methods of wrapping large reels, besides giving a neat, clean presentation. It is manufactured in versions to wrap reels within a 400 mm to 1220 mm diameter range, with widths varying between 760 and 2000 mm and weighing up to 1180 kg.

The wrapper will enable the paper industry to take the benefit of stretch wrapping, replacing the present hand packaging of reels with Kraft paper to which a polythene overwrap is frequently added as a protection against water damage. This method is both slow and labour intensive in contrast to Timperley's new wrapper, which is designed for one-man operation, achieving an output of between 15 and 20 reels an hour, depending upon the size of reel and method of handling.

The machine operates with various stretch films, wrapping film round the circumference of the reel to protect it against dirt and moisture. It also applies tabbed or plain end caps to minimse the possibility of edge damage, though the wrapper can be supplied without end cap clamps or alternatively the end cap clamping mechanism can be by-passed.

Timperley Engineering, Park Road, Timperley, Altrincham, Cheshire.



THE PROPERTY MARKET BY MICHAEL CASSELL

Docks 'not right for trade mart'

PURELY COMMERCIAL considerations lie behind the Government's refusal to guarantee £43m of the £55m development finance for Trammell Crow's proposed World Trade Mart in the Surrey Docks, writes Christine Moir.

When Mr. Peter Shore announced earlier this month that there would be no support for the scheme from the Government he was basing his decision on the unanimous opinions of "three wise men" called in to give confidential reports to the Department.

Senior member of the trio was Mr. Sydney Mason, chairman of the Hammerson group of companies and the man who spent 19 years putting together the Brent Cross shopping centre in the face of weighty opinion that he would not make it work.

His view was simple and short. "A World Trade Mart in this country would not succeed in that location, in my opinion. And if the Government provided £43m of guarantees as it was asked, I believe it would eventually be called upon to provide that money," he said yesterday.

Mr. Mason does not write off the Surrey Docks altogether as a development area. He believes that what it needs is a new town corporation, which could create something like Welwyn Garden City on the banks of the Thames.

End of a partnership

SCHRODERS, THE City merchant bankers, and Lend Lease Corporation, the Australian property development and general contracting group, have finally parted company at the end of an American joint venture which started full of promise but which ended in failure.

The two parties announced this week that they had decided to dissolve Property Holdings International, the U.S. property development company set up in 1972 to take advantage of the buoyant American market.

Schroders and a Lend Lease general contracting subsidiary had an equal share in the company and the remaining net assets, put at about £9.5m, have been divided up between them.

The venture started successfully enough, undertaking office, apartment and housing developments throughout the U.S., though with much of its activities centred on the southern "Sun Belt" States. In 1977, however, losses of £1.2m were announced and last year another £868,000 loss was recorded. The situation was blamed on general market conditions.

Under the terms of the division, Lend Lease will keep the projects under active development while Schroders takes land investments and certain mortgages outstanding on property sales.

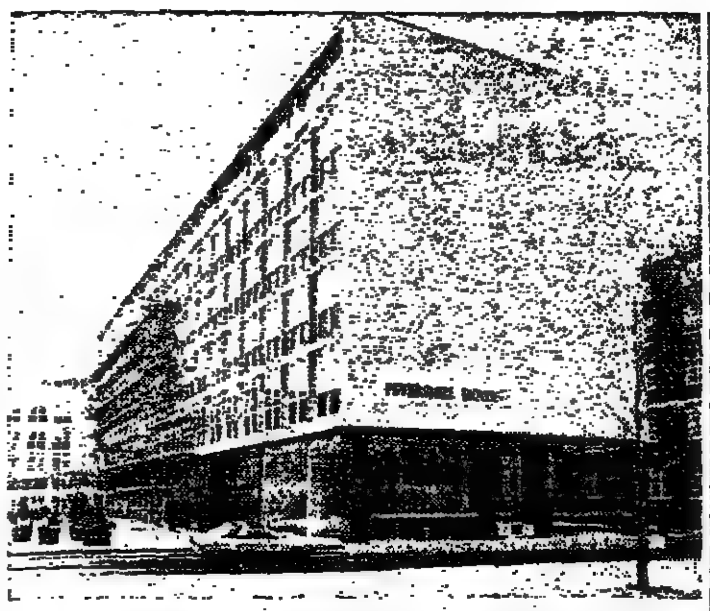
It was apparently decided some time ago that the company would not begin any new developments and that the operation would be put on a "work out" basis. By the end of last year, when it became clear that the two distinct aspects of the joint operation—land holdings and development projects underway—were of about equal value, the decision to make the final split was taken.

Schroders says both sides have been left with "what can reasonably be called financial assets" and, while Lend Lease will make a decision about the future rate of development on outstanding projects, Schroders will sell its land "as and when the time is right." One site has already been disposed of since the decision to split.

It appears that while the joint venture was successful with its office and apartment development programme, it hit serious problems with housing schemes. One of the earliest decisions taken was to develop Cluster-style housing (an upstage version of the semi which seemed set to prove popular with the American public. In the event, when property prices turned down after the 1973-74 boom, demand for traditional housing set in reasonable grounds proved strongest and the company was forced into the type of low-density development it had not planned for.

At the end of the day, Schroders legacy, apart from the mortgages, consists of two land holdings in New Jersey, three in Pennsylvania, one in West Palm Beach and another in Dallas, Texas. It also has a parcel of land in San Diego adjoining a development which is now in the hands of Lend Lease.

Lend Lease's housing projects are in Denver, outside Dallas and in Sarasota, southern California—an area in which Taylor Woodrow is now busily building homes.



Britannia Arrow, formerly Slater Walker Securities, has sold its leasehold interest in its former City headquarters for £3m to an undisclosed buyer. The deal covers Petershill House opposite St. Paul's Cathedral in Cannon Street, together with adjoining shops and Crest House, which faces Queen Victoria Street. Britannia left St. Paul's Churchyary last April and moved to London Wall. In 1975 it said it intended to move to Fetter Lane but its premises there had to be sold at the height of the Slater Walker crisis and the company was forced to move into the shop premises next door. Petershill House is now largely occupied by Deloittes.

Crouch moves into U.S.

CROUCH GROUP, the Surrey-based construction and development company, has made its first office property acquisition outside the UK.

It has paid just over £2m for a 110,000 sq ft office building in Lower Manhattan, New York, the heart of the insurance district.

The building is expected, after modernisation, to produce a gross rental income of about £600,000 a year. Letting agents: Jones Lang Wootton.

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POST OFFICE TELEPHONES has paid £1.4m for Albion House in Leicester. The building, providing 65,000 sq ft of office space, was built by Leicester City Council in 1974 and has been empty since 1976. The transaction, according to the Leicester Promotion Campaign, typifies the buoyant property market in the area, where over half a million sq ft of office space has been disposed of in the last 16 months.

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ARROWCROFT GROUP and Royal Insurance are to develop a £1.5m factory complex in Hopton Street, London SE1. Situated near to Blackfriars Bridge and London Bridge, the development will provide 42,000 sq ft of industrial space on a 1.7 acre site. An IDC and planning permission have been obtained. Richard Main acted on behalf of Arrowcroft while Royal was represented by St. Quintin.

•

J. LYONS ESTATES has, in a sale and leaseback operation, dispensed with a freehold shop and office investment at 73 Baker Street, London W1 for a price in excess of £342,000. The freehold interest has been sold, subject to leaseback, on a new 25-year lease with five-year reviews at an initial annual rent of £25,000. The purchase price reflects a yeld of seven per cent to the purchasers, the Civil Aviation Superannuation Fund. Elliott Son and Boyton and Edward Erdman acted for J. Lyons and the Fund was advised by Clive Lewis and Partners.

•

LAING PROPERTIES is to develop Reading's so-called Town Hall site in a £6.5m scheme which will provide over 57,000 sq ft of office accommodation. The company was selected by Reading Borough Council from six tendering companies "on design merit and the strength of the financial terms proposed for the purchase of a 125-year ground lease."

INDUSTRIAL AND BUSINESS PROPERTY

Provincial and Suburban Offices

Banbury, Town Centre House.
19,000 sq. ft. of fully air conditioned offices. Central location. Car parking. Rent: £72,000 per annum.

Southampton, City Wall House.
17,300 sq. ft. in self contained modern building. Central Location.

Tunbridge Wells, Pantiles House.
16,740 sq. ft. of excellent refurbished offices. Located in historic Pantiles. Extensive car parking. Available in units from 1,500 sq. ft.

Sidcup, Kent.
12,200 sq. ft. in impressive modern office building with 25 car spaces.

Egham, Surrey.
2,490 sq. ft. of refurbished office accommodation with car parking and imminent occupation.

Cheam, Surrey.
8,050 sq. ft. new office building under construction, to let. Adjacent to station with substantial car parking.

Orpington, Kent.
53,380 sq. ft. of new prestige office accommodation. Offering occupation in 1980.

For further information.
103 Mount Street, London W1Y 6AS. Tel: 01-493 6040 Telex: 23858

Industrial Properties

Gatwick Gate Estate, Lowfield Heath.
15,000–150,000 sq. ft. New Warehouse units to let.

Nugent Industrial Park, Orpington.
4,000–150,000 sq. ft. New Warehouse/Factory units to let.

West Howe Industrial Estate, Bournemouth.
3,000–60,000 sq. ft. New Warehouse/Factory units to let.

Griffin Industrial Park, Totton, Southampton
8,000–150,000 sq. ft. New Warehouse/Factory units to let.

Northfleet Industrial Estate, Northfleet, Kent.
14,000–29,000 sq. ft. Last remaining factory/warehouse units to let.

Clapham Park Road, London SW4.
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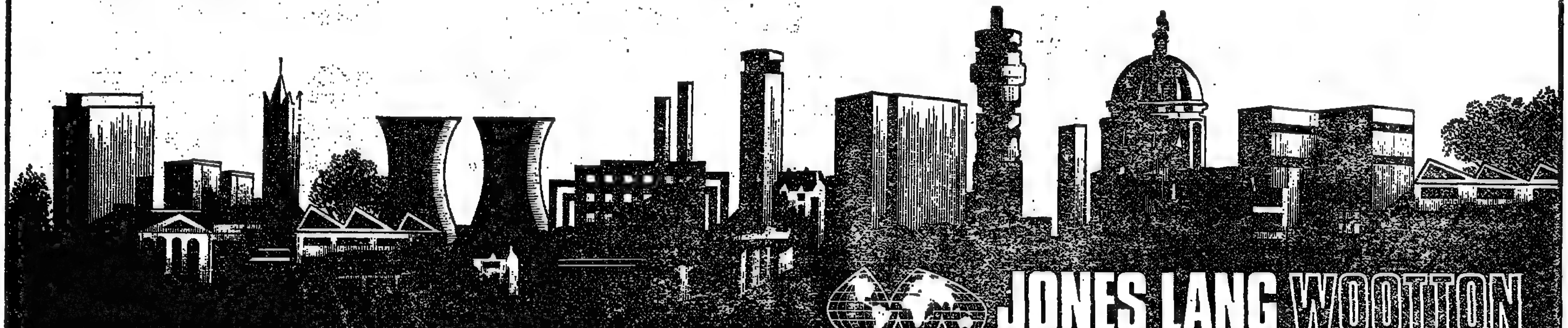

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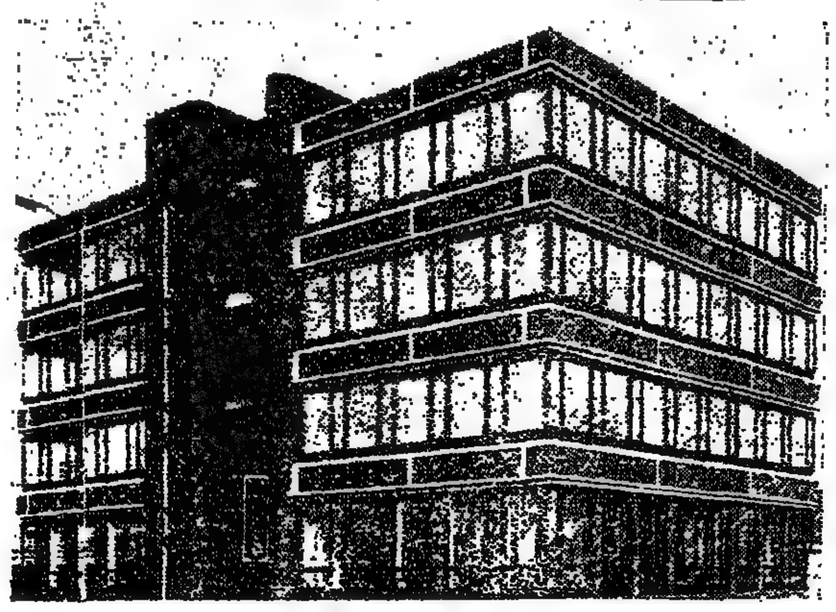

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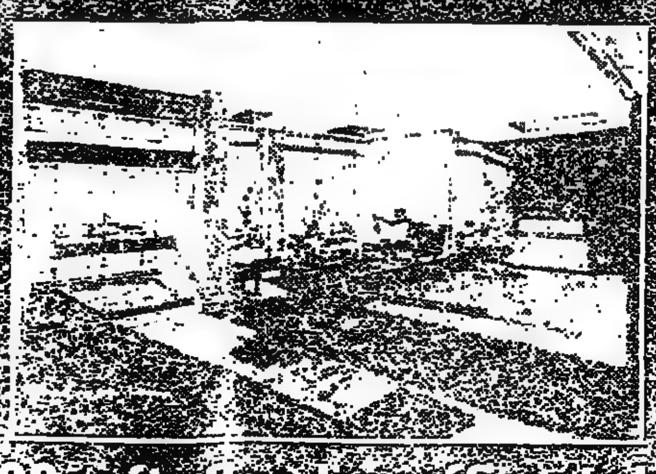

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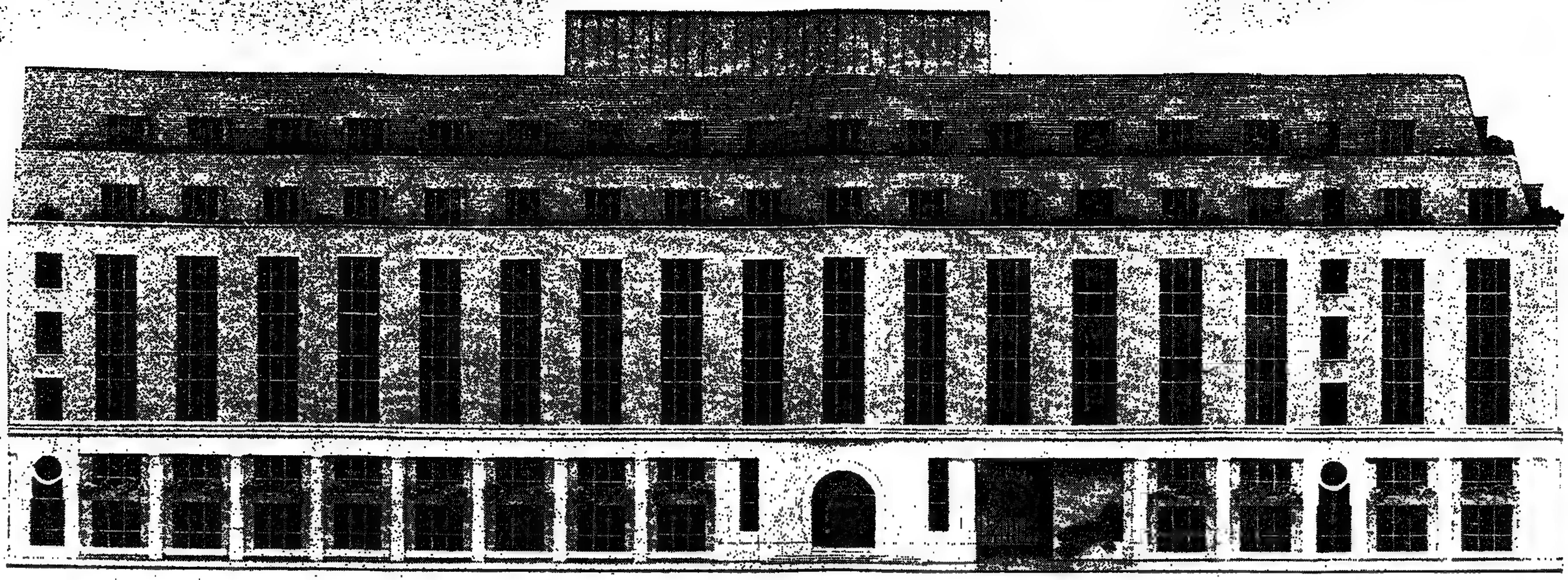

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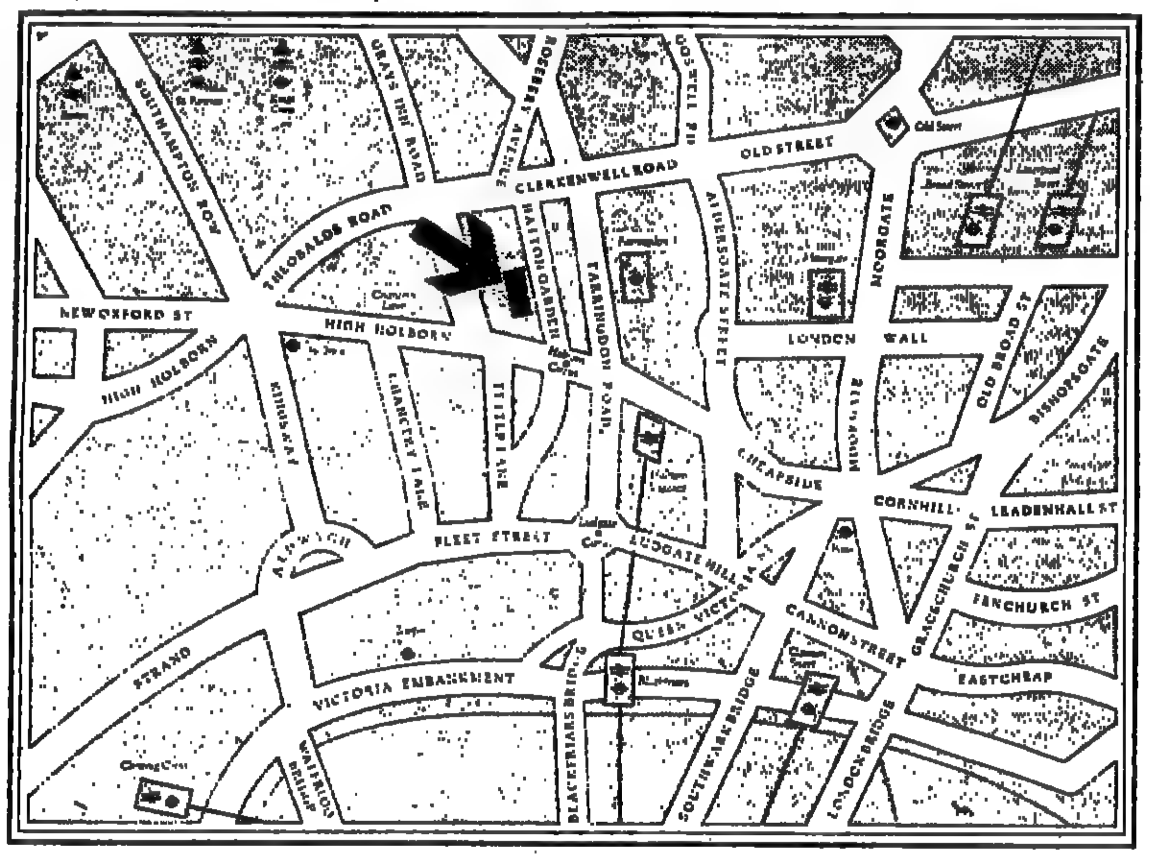

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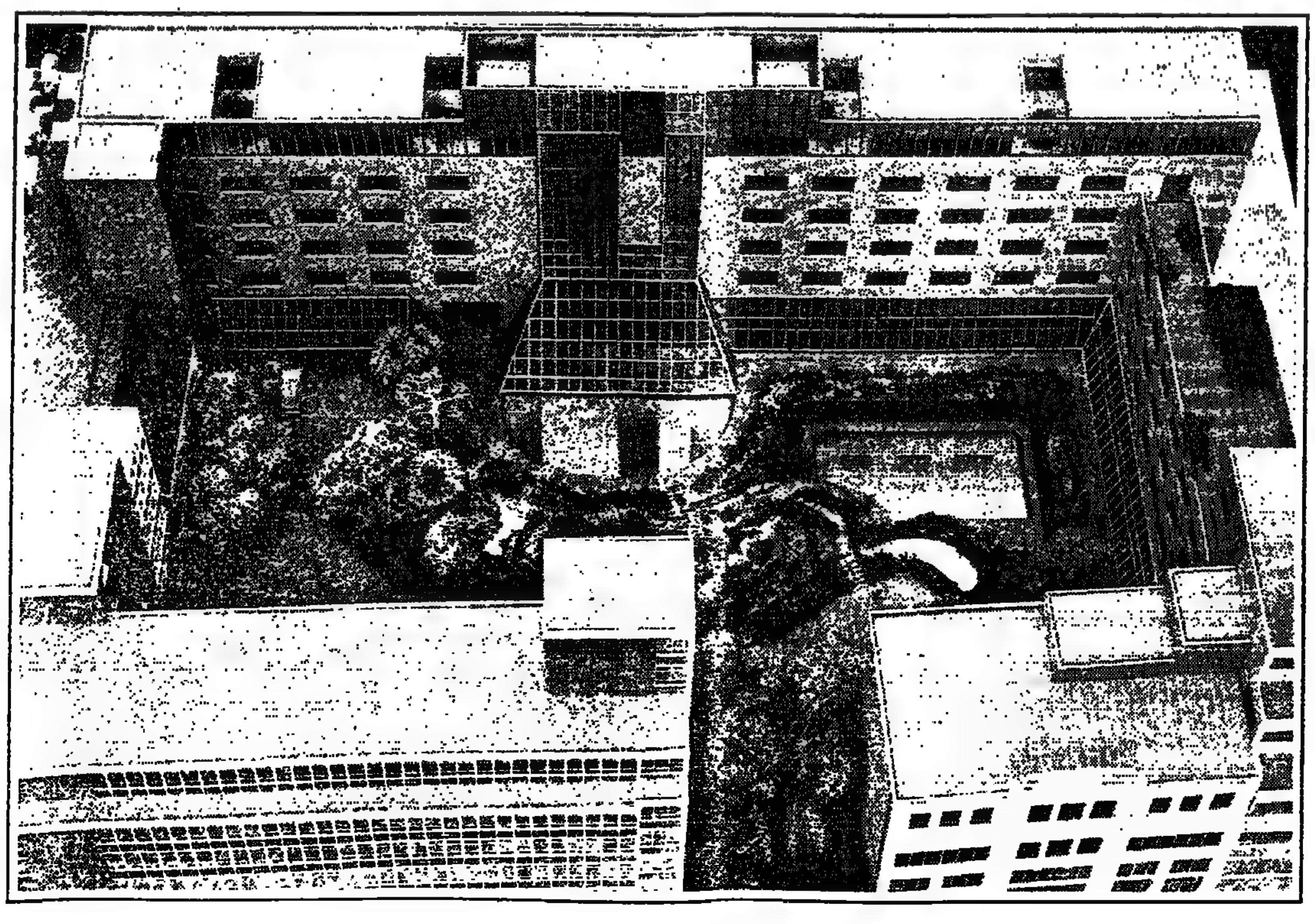

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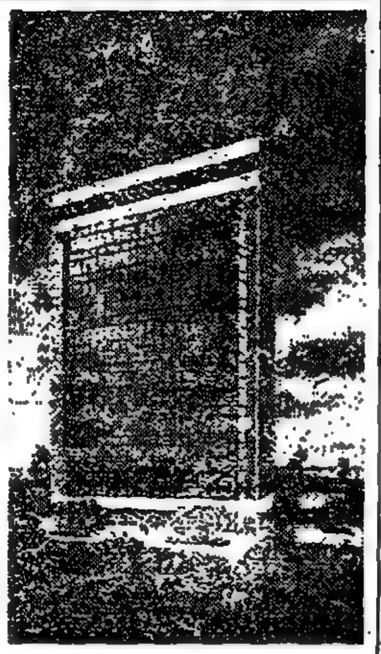

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Michael Lafferty reveals what the accountancy bodies in the UK are about to publish as a fresh set of proposals on inflation accounting

Morpeth emerges in a new guise

THE UK accountancy bodies are planning to publish new inflation accounting proposals at the end of April. These proposals, which will probably appear in a document called "ED 24," have already been drafted and approved by Mr. Douglas Morpeth's Inflation Accounting Steering Group. Today they will come under the detailed scrutiny of the Accounting Standards Committee, the nearest organ to a rule-making body which exists in UK accounting. Assuming the ASC gives its expected approval (and no Institute president gets really cold feet) the inflation accounting debate will then start all over again.

Saga

The question worrying officials of the Institutes of Chartered Accountants is whether there is any prospect of a re-run of the heated discussion and argument which followed Mr. Morpeth's first proposals. That saga culminated in the shattering experience of a special meeting of the English Institute of Chartered Accountants in June 1977, where members voted overwhelmingly against making any system of current cost accounting mandatory. To many observers the leadership of the accounting profession has been shell-shocked ever since.

The immediate consequence of the chartered accountants' vote was that Mr. Morpeth, his part-government financed steering group, and his current cost version of inflation accounting (CCA) were all but slammed into cold storage. In their place the accounting bodies put together the face-saving Hyde Guidelines, as interim recommendations for major companies. Whereas Morpeth "Mark I," provided for a complete changeover from the traditional, largely historic, cost accounting convention to CCA and just about recast every accounting rule in the book, Hyde was simple and called only for the disclosure of supplementary CCA data.

The proposed ED 24 represents a form of re-awakening for the Inflation Accounting Steering Group. It is Morpeth "Mark II" and is intended to get the inflation accounting show really moving again. While Hyde has been seen as a life-saver by many senior accountants it has never been regarded by Mr. Morpeth and his supporters as nearly enough.

Though ED 24 shows that the Morpeth group has learned a few lessons from the failure of the original CCA proposals, it is a major development on Hyde. To start with, it is not proposed that ED 24 will be voluntary—it is intended to be an accounting standard like all the others. And while the new CCA accounts are to be supplementary, they are to be audited. It is, after all, just over two years since the profession's Auditing Practices Committee concluded that Morpeth Mark I was unauditable.

Morpeth Mark II looks like having the following additional features:

A so-called "core" CCA accounting standard, which at present runs to less than 20 pages;

Four back-up guidance notes dealing with fixed assets, monetary items, stocks and group accounts/foreign currencies;

It will apply to quoted companies, and all other entities with a turnover of £5m and over;

Insurers, property investment companies, investment and unit trusts and non profit-making bodies are exempted;

It will be effective for accounting periods beginning on or after January 1, 1980.

The centrepiece of the proposed standard is probably its "monetary working capital adjustment," MWCA for short. This means that in addition to taking account of the impact of inflation on stocks and fixed assets—through extra depreciation and a cost of sales adjustment—there will be a correction for the effect of inflation on debtors less creditors. The logic of this is that a company loses out when it is owed money and gains from borrowing.

Under the Hyde Guidelines there is no MCWA. Instead, the net amount of all monetary items is calculated, and added to shareholders' funds to determine the "gearing" of the company. Then, through a gearing adjustment, the amounts of additional depreciation and cost of sales are reduced by the proportion which is assumed to have been financed by outsiders.

Essentially, Morpeth Mark II splits the gearing adjustment into two parts:

a short-term adjustment for working capital (debtors and creditors) which, like the extra depreciation and cost of sales, goes into the calculation of current cost operating profit; and a long-term borrowings adjustment.

An added feature is that interest should be split up between the two components.

Potent

Ominously, objections to Morpeth Mark II are already coming to the surface. The failure of the steering group to complete two of the four guidance notes in time for today's meeting of the ASC is just one of the points which may well be made against the ASC giving the project the go-ahead at this time. After a year and a half of having nothing to do except prepare, it does seem unfortunate that Mr. Morpeth is not better prepared.

The question is also being raised whether the £5m turnover limit is high enough. At the present time nobody knows with certainty just how many companies it will affect, but one estimate is that it will be at least 5,000. In contrast, critics are pointing to the United States, where the Financial Accounting Standards Board's recent inflation accounting exposure draft is only likely to affect 1,000 companies. In the same area, it is difficult to see why the Steering Group is only proposing to exempt wholly-owned subsidiaries from having to give the new information. Why not exclude all subsidiaries?

The most potent argument could well centre round the two-part split of the gearing adjustment. According to some leading ASC members many accountants will find the idea difficult to understand and accept. The implication that long-term borrowings are always used to finance fixed and long-term assets could be difficult to justify empirically. But the weakest point in the MWCA adjustment is the problem of drawing a line between working and non-working capital.

Only in exceptional circumstances and where it can be shown that it would be misleading to do otherwise, can the MWCA include cash floats and that part of bank balances or overdrafts arising from fluctuations in the volume of stock, trade debtors and trade creditors. The splitting up of interest payable adds a further complication to all this.

Yet another criticism of the present proposals is that the profit and loss account is too complex, and does not immediately emphasise which figure the reader should be concentrating on. The inclusion of associate companies' profits below the gearing adjustment is also being questioned.

The proposal in the Morpeth draft that land and buildings should require an annual professional valuation will be objected to on the grounds of cost.

NEW CCA REPORT AND ACCOUNTS FORMAT

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Associated Companies		xxx
Net Current Assets:		
Stock and work in progress	xxx	
Other Current Assets less Current Liabilities	(xxx)	
		xxx
		xxx
Financed By:		
Capital and Reserves		
Issued Share Capital	xxx	
Share Premium Account	xxx	
Capital Maintenance Reserve	xxx	
Retained Profit	xxx	
		xxx
Minority Interests		xxx
Loan Capital		xxx
Deferred Taxation		xxx
		xxx

XYZ COMPANY LIMITED AND SUBSIDIARIES GROUP CURRENT COST PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1978

	£'000	£'000	£'000
Turnover			xxx
Profit before taxation and interest as in the historical cost accounts			xxx
LESS: Adjustments			
Additional Depreciation		xxx	
Cost of Sales		xxx	
Monetary Working Capital	xxx		
Interest relating thereto (where appropriate)	xxx	xxx	xxx
CURRENT COST OPERATING PROFIT			xxx
Gearing Adjustment		xxx	
Interest relating thereto		(xxx)	xxx
			xxxx
Share of current cost profits of associated companies			xxx
Current cost profit before taxation, minorities and extraordinary items			xxx
Taxation			xxx
			xxx
Minority Interests			xxx
Current cost profit before extraordinary items			xxx
Extraordinary items (net of tax and minority interests)			xxx
CURRENT COST PROFIT ATTRIBUTABLE TO SHAREHOLDERS			xxx
Dividends			xxx
Retained current cost profit			xxx
Current cost earnings per share			xxp

At the end of the day, however, these are really minor objections in the context of the shortcomings of the present accounting system. The difficulty is that there is no agreed accounting convention which all companies follow. The popular belief that all companies follow historical cost accounting is contradicted day in and day out. The most outstanding example of this was the decision of British Gas and the Electricity Council to provide additional depreciation in their main accounts in the past two years. But only this week Lonrho managed to cut its annual depreciation charge from £17½m to £2½m by writing back depreciation over-provided in previous years. The over-provision arises because Lonrho revalues all fixed assets.

Much as this, and other features of Lonrho's accounts, might suggest some comment from the auditors, Peat Marwick Mitchell and Mann Judd, there is none. Nor was there any comment from the auditors of the state companies' accounts.

Altogether, the impression created is that companies can pick and choose any combination of historic and current cost accounting policies they like. Meanwhile, auditors will go on saying the accounts give a true and fair view according to the stated policies.

If Morpeth Mark II does anything to get the UK accounting profession out of this state it will have been well worthwhile. At the same time, it must be recorded that what Mr. Morpeth and his committee originally proposed just seems to have been grossly over-optimistic and unrealistic. At least the business community has some understanding of the present jumble, and analysts can cry "foul" with some degree of assurance.

The new Morpeth approach recognises all this. CCA will not become the basis of companies' main accounts for the forseeable future. The flaws can be sorted out while the figures are still supplementary.

German small firms make their demands

BY ROBERT OAKESHOTT

THE PROVISION of some Government risk capital is the most striking demand in a request for official assistance for small and medium sized enterprises, which is currently being put together in Bonn for the attention of the West German authorities.

If the approach succeeds, then German policy for the encouragement of small and medium sized businesses, already thought to be the most efficient and imaginative in Western Europe, will break new ground.

The prospect of some new support for small and medium sized businesses was foreshadowed at the time of the Bonn summit last summer when the German Chancellor, Herr Schmidt, announced his government's commitment to a further measure of reflation. Since then the various representative bodies which speak for the small and medium sized company sector in the country have been putting together detailed submissions of their assistance priorities.

For example, a whole array of demands for support of different kinds has been prepared by head office in Bonn of West Germany's "Handwerk" enterprises (the Zentralverband des Deutschen Handwerks).

This is, despite its name, a much broader grouping than the word "handwork" would suggest.

In fact, if you exclude agriculture, distribution, transport, hotels and catering—and such small manufacturing units as use mass production techniques—all or almost all other small and medium sized businesses in West Germany are classified as Handwerk enterprises. There are rather more than 500,000 of them and last year they accounted for the employment of just under 4m people.

Barriers

Since the 1950s small and medium sized firms in West Germany have been able to take advantage of Government backed credit guarantee facilities which effectively lower the barriers both to market entry and expansion. At most these enterprises have been in a position to borrow, under guarantee, up to 80 per cent of their new capital requirements. In consequence the proportion of capital which the small entrepreneurs have had to find themselves has been much smaller than is the case with their counterparts in the UK and other European countries. And these arrangements have evidently worked well.

Nevertheless, the growing capital costs of small and medium sized firms has convinced the staff of the Handwerk organisation, among others, that further assistance is needed. They point out that the average start-up cost of a new Handwerk enterprise rose from DM 48,000 to DM 110,000 between 1963 and 1973, and is thought to be possibly as high as DM 150,000 today.

They also argue that borrowing 80 per cent of new capital needs under credit guarantee arrangements will have disadvantages, because of the high proportion of fixed interest debt and the consequently heavy financial charges. It is with arguments like these that the case for some Government risk capital is being argued—by all accounts with some success.

There are other directly financial items in the package of requests which is being prepared by the Handwerk head office in Bonn, such as reduced interest rates and longer repayment periods.

The rationale of the case is that small medium sized businesses are not only increasingly expensive and difficult to start, but highly vulnerable in their early years. The thrust of the consequent demands is that Government should both reduce the start-up cost (e.g. by providing some of the necessary risk capital) and reduce the early vulnerability (e.g. by lowering interest rates and by writing off—or anyway postponing—tax liabilities over the first few years of an enterprise's life).

HANDWORK ENTERPRISES (1970-1976)

	Births	Deaths	Net decline
1970	30,363	47,296	16,933
1971	24,914	41,624	16,710
1972	31,086	46,716	15,630
1973	28,805	44,167	15,362
1974	42,028	56,467	14,439
1975	30,895	40,513	9,618
1976	31,617	38,745	7,128

But the demands also cover other matters. Government is being asked, for example, for funds to help strengthen the management and professional back-up services which the German small and medium sized firms' organisations already provide from their own resources.

It is being asked to put the owner-manager of the small and medium sized business on the same footing as an employee in respect of social insurance contributions and benefits. And it is being asked to reduce the statistical and related strains—in the shape of mandatory information requirements and the like—which the state imposes on the small and medium sized sector.

Another, perhaps unusually imaginative, demand is that Government should help with the establishment of a nationwide set of arrangements for bringing together prospective buyers and sellers of small and medium sized businesses.

What is sought is an effective mechanism for dealing with the "succession" problem in the sector. The hypothesis is, of course, that many small and medium sized businesses cease trading each year not because they are unsound, but because those who own and manage them become too old to carry on—or wish to quit for some other reason—and cannot find a suitable buyer, or a member of the family's next generation to take over.

Many shutdowns, on this hypothesis, are avoidable and the businesses could be saved if only arrangements to ensure a satisfactory succession could be created.

Such a need is seen to be particularly urgent at a time when the smal and medium sized sector is thought to offer better employment prospects than big business, private or public. Future employment in the small and medium sized sector will obviously depend on the prevention of avoidable liquidations as well as on the successful promotion of new start-ups.

This demand for help with the prevention of avoidable liquidations comes at a time when there is evidence that the rate of decline in the number of small and medium sized businesses may at last be slowing down.

The table shows the enterprise birth and death rates and the net decline figures between 1970 and 1976 for "Handwerk" businesses—which are thought in this case to be a fair proxy for the small and medium sized sector as a whole.

The provisional 1977 data shows a further reduction in the net decline figure and a further narrowing of the gap between birth rates and death rates.

Officials at the "Handwerk" organisation also point out that there were modest increases in the total employment accounted for by their enterprises in both 1976 and 1977. And they claim that this year there is evidence that in some areas, for example, in and around Cologne, the number of new start-ups has actually overtaken the number of shutdowns.

Optimism about the authorities' response to the various demands starts, of course, from its already announced commitment to a measure of additional support. More important, it rests on beliefs about the continuity of long term German policy in this area and on an assessment of the sector's significance in the short and medium term.

"Countervailing" government support for the small and medium sized sector—to offset the inevitable disadvantages which it faces in a contemporary mixed economy—has been a key element in German economic policy since the post-war reforms of Dr. Erhard. The trade unions are not particularly enthusiastic about it but there is no serious prospect that this general policy will be overturned.

More immediately, the Chancellor, Herr Schmidt, has himself recently acknowledged that the small and medium sized sector has played by far the largest part in increasing the number of apprentice and other training places available for German young people, and thus in checking the growth of youth unemployment in the country.

Given forecasts about the evolution of the labour market between now and 1985, the Government is bound to see the continuing training contribution of small and medium sized businesses as being of vital importance.

Of course, not all the demands which are going to be formally submitted will be met in full, or even at all. But it is a fair bet that the response will be both actively positive and imaginative.

Business courses

Finance and Accounting for the Non-Financial Executive. London/Amsterdam. March 14-16, London, March 19-21, Amsterdam Details from AMR International, 6-10 Frederick Close Stanhope Place, London W2 2HD.

The Skills of Inventory and Materials Control. London. March 20-21 Fee: £100. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent. BR5 1LZ.

National Energy Managers' Course. Solihull, West Midlands. March 26-30. Fee: £165. Details from: Department of Energy, Box 1685, Thames House South, Millbank, London SW1P 4QJ.

Improve Your Company's Internal Communications. London. March 22-23. Details from Eurotech Management Development Service, P.O. Box 28, Camberley, Surrey. GU16 5HR.

Designing Systems with the 6800 Microprocessor, London. March 12-23. Details from Course Registrar, Bleasdale Computer Systems, 7 Church Path, Merton Park, London SW9.

Inter-Personal Effectiveness Workshop: Developing the Skills of Self-Assertion, Brunel University, Uxbridge, Middx. March 29-30. Fee: £110. Details from Management Programme, Brunel University, Uxbridge, Middx. UB8 3PH.

Effective Computer Security. Eastbourne. March 12-14. Fee: £425 excluding VAT. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, LE15 9PY.

People and Systems — The Next Ten Years. Bournemouth. March 29-31 Details from Institute of Administrative Management, Management Services Division, 205 High Street, Beckenham, Kent. BR3 1BA.

Sixth International Symposium on Corporate Planning and Modelling. London. March 29-30. Details from Associate Director of Marketing, Lowndes-Ajax Computer Services, Milton House, Milton Road, Croydon, Surrey. CR9 2XG.

Business Opportunities in the U.S., Washington, USA. March 19-21. Fee: $2,800 (approximately). Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

LOMBARD

Britain's role in the EMS

BY PETER RIDDELL

THE EUROPEAN Monetary System might appear to be a dead issue for Britain—along with the debate about the use of North Sea oil and the problems of success so transiently glimpsed during 1977. The topic has certainly slipped well down Ministers' list of priorities, not least because of the current arguments about agricultural policy which have delayed the start of the system. But when these problems are sorted out and EMS starts, Britain will be faced with decisions which cannot be ducked indefinitely.

The Government's lack of interest in the topic at present was underlined by the Prime Minister in a Parliamentary answer earlier this month. Explaining the UK view Mr. Callaghan said, "we felt that there must be other adjuncts to the system, namely a greater convergence in the economies of the various countries and also in the monetary backing that is given to developing regions and elsewhere. Until these things are done, it is very unlikely that we shall be able to change our minds on whether it is worthwhile for this country to enter."

Not an issue

Doubts about the system have also been expressed by the Tories, though for different reasons, so there is unlikely to be any attempt to make EMS an election issue. This does not however, reduce its political and potential economic importance for Britain, as Mr. Gordon Richardson said on Wednesday.

Mr. Richardson's speech differed in tone, if not necessarily substance, from the Prime Minister's remarks as he emphasised that the Bank of England will continue to play a "constructive part" in discussions on the EMS. The Governor added that "though the UK announced that it would not participate in the intervention arrangements at their outset, we nevertheless are in a real sense taking part in the preparations for the EMS as a whole."

The pity about Mr. Richardson's speech is that it was not delivered three months ago, before the Brussels summit in early December. He is far from being a starry-eyed admirer of EMS and indeed the speech presented a detailed justification of Britain's reservations about the intervention mechanism. In particular, he stressed the problems caused by differences in trading patterns within the EEC. "An EEC currency bloc which fluctuates significantly against other leading currencies will have markedly different terms-of-trade effects for different EEC countries and it will also tend to put stresses on the intra-EEC intervention system." This applies particularly to the UK which still undertakes a large percentage of its trade outside the EEC and in dollars.

This leads onto the problem of how these flows should be absorbed and the dangers of a loss of monetary control in intervening countries as well as exchange rate tensions within the EEC bloc. This only emphasises the potential difficulties caused by the *absence of a clear dollar policy.*

But the reservations on these points and others are essentially secondary to doubts about the Government's commitment to the goals of EMS. When the system starts the UK will have to decide whether to participate in the extended short-term swop facilities. There seems to be some preference at official level for joining, partly as a sign of good intentions about the development of EMS, but the politicians may be reluctant to revive so delicate an issue.

The political doubts are the heart of the problem. Mr. Richardson argued that, "in the perspective of history the intervention arrangements may prove less significant and far-reaching than the idea launched in 1978 for the ultimate development of a European Monetary Fund; some degree of reserve pooling; the general improvement in co-ordination and convergence of European monetary and economic policies.

Status

But even to reach this stage in the debate will require a far more positive desire by both major parties for a specifically EEC solution, well beyond the present general commitment to exchange rate stability. This does not mean that the UK should avoid pressing its legitimate doubts about the intervention mechanism or budgetary matters. But Britain will have to play an active role in the continuing discussions about EMS if it is to avoid almost an associate status within the EEC.

AROUND BRITAIN

FALMOUTH

Shiprepairing on the rocks

TO SAY that despair has enveloped Falmouth—the small Cornish port on the River Fal which boasts one of the best natural water harbours in the world—would probably be an understatement. "The town will never be quite the same again; it's had its heart cut out." was how one engineering worker who has spent all his working life in the ship repair yard put it last week on learning of British Shipbuilders' decision to close the yard in March.

Falmouth Shiprepairers, which provides jobs for 1,200, is the town's biggest single employer and the third largest industrial employer in Cornwall. If the closure goes ahead, it will more than double Falmouth's existing unemployment rate—currently twice the national average—from 13.4 per cent to *somewhere between 24 and 28* per cent, according to Mr. John Hopkins of the South West's Employment Intelligence Unit, a part of the Manpower Services Commission. "This would mean that in a working population of 11,000 well over 2,000 people would be looking for work. There is just not this number of jobs around in an area which has one of the highest unemployment rates in the UK the planned closure must be catastrophic."

The closure would mean not only the throwing into the labour market of a large pool of skilled labour built up over many years, but also a reduction of employment in Falmouth's service industries. Mr. Harry Robinson, principal planning officer for Cornwall county council, says that for every 100 jobs in ship repair at least 25 are generated in the service sector. The yard's wage bill last year was over £6m.

The ship repair yard, founded almost a century ago, has had a chequered history since the end of the war, and has had a reputation for poor industrial relations. When British Shipbuilders acquired it from P & O in 1977 the yard had just announced losses of £1.2m. In its first year under British Shipbuilders it made a loss of £1.9m, and it is expected to report a loss of around £3m on a turnover of £6.4m for the current financial year ending on March 31.

While prospects of a last-minute reprieve for the yard are not good, a glimmer of hope has been provided by Mr. Christopher Bailey, chairman of the highly successful Bristol Channel Shiprepairers, who has made a formal offer to take over the company. Mr. Bailey owns the largest privately-held ship repair business in the UK and is well known in the industry for his leadership, three years ago, of the campaign against the nationalisation of ship repairing.

Mr. Bailey wants to lease the yard rent-free for at least 15 years, with a Government loan of up to £2m and a commitment from British Shipbuilders to guarantee the first £1m of any losses. In return he says he will turn the yard round, offer *employment for at least 150* men in the short term and allow British Shipbuilders a share in the profits.

So far, however, the bid, made on Friday night, has spurred little or no interest from British Shipbuilders. In fact there is likely to be considerable resistance from the Government, mainly because it would prefer to see what it *believes* to be excess ship repairing capacity eliminated.

BY RICHARD COWPER

Both Mr. David Mudd, Conservative MP for Falmouth, and Mr. David Penhaligon, Liberal MP for Truro, say they doubt *whether the Government will* agree to Mr. Bailey's terms. Mr. Ian Sutherland, British Shipbuilders' chief executive at Falmouth, said that the offer was "unrealistic" and that he did not want to see false hopes being raised.

"Mr. Bailey wants the Government to bear all the risks without making much of a financial commitment himself. If he came back with a believable offer, for say part of the yard's facilities, with some of his own money at the front end, then we would have to consider it more carefully. The present policy of British Shipbuilders is to put the yard on a care and maintenance basis, and the corporation has no intention of divesting any of its assets at *Falmouth,*" he said.

Mr. Bailey, who runs repair yards at four ports in Wales catering for ships up to 30,000 tons deadweight, said that he was backing his offer with assets of £8m which would cover any losses over £1m, and that in his estimation it would cost British Shipbuilders well over £500,000 a year just to keep the yard mothballed.

"If the corporation wants to negotiate on a scaled-down package I will be only too happy to talk: but if they refuse to listen to commercial reason I will fight it politically. I believe that, managed properly, there is a market for this yard, which is ideally placed geographically, in spite of the general decline in the industry."

But if the yard goes, what of the future of the port itself? Two hopes on the horizon are the possibility of finding oil off Cornwall and the further development of the fishing industry. In the short term, neither will bring a great deal of wealth and work to the docks. But if oil is struck in the Western approaches and Falmouth succeeds in becoming the servicing port for a local oil industry the outlook could be quite different. So far, Falmouth Docks Exploration, the company set up by British Shipbuilders to explore local offshore potential, has obtained a contract with BNOC worth £½m to service its first exploration rig, which started operations in December.

The rise to prominence of the South-West's mackerel fisheries over the past three years has seen the value of fish technically landed at Falmouth rise from almost nothing five years ago to an estimated £10.8m in 1978. The problem is that most of this is trans-shipped from British trawlers to Russian and East European factory ships for export and is never actually landed ashore.

According to Ian Sutherland, however, if a Common Fisheries Policy is agreed in Brussels and the UK is able to divert a large proportion of this fish ashore, at least 1,000 local jobs could be created in handling and processing.

The other major industry in the town is tourism; at the peak of the season last year the Falmouth area provided accommodation for over 9,000 tourists and was visited by around 100,000 holidaymakers. In gross spending tourism was worth around £11m in 1978 with £4m of this going to the town as net income.

Clearly, an overriding priority is to attract new industry to the area. Over 30 new companies have arrived since 1961, helped by Cornwall's status as a development area, but this has been offset by the run-down of jobs at the shipyard from 3,000 at the end of the last decade.

These efforts have been hampered, however, by bad communications, a lack of *available land for* industrial development and the town's geographical location—situated as it is out on a limb at the far west of the country.

So far, the Government's main response to the impending closure has been to grant Falmouth special development area status, which means that government grants will be easier to obtain and will be raised from the present 20 per cent to 22 per cent.

Meanness

"This extra 2 per cent is offensive in its meanness when you assess the size of the problem," says David Mudd. "The geographical containment of the *town means that there is little* scope for industrial expansion—the least that could be done would be to extend this special status to surrounding districts better able to use it."

But if nothing is to be salvaged from the closure of the ship repair yard, then the prospects for many of Falmouth's inhabitants must look about as *bleak as the sea off Land's End.*

Better Blessed in fine form

RACING

BY DOMINIC WIGAN

THE UNRELENTING weather, which has decimated racing for nearly two months, producing the most unsatisfactory *National Hunt season* since 1962-3, now seems certain also to affect the start of the Flat campaign.

Even at Newmarket, with its unrivalled facilities, including all weather gallops, trainers are finding it difficult to get animals ready and handlers with the Lincoln and Brocklesby in mind fear they could be losing the race against time.

One trainer, however, with cause for optimism is William Hastings-Bass, whose Better Blessed is in fine shape at Cagnes-sur-Mer

The So Blessed colt, who was being aimed at last year's Lincoln when the weather interrupted his preparation and Doncaster plans had to be scratched, will in no way fail through lack of peak fitness on March 24.

Running a highly-encouraging race at Cagnes-sur-Mer on Sunday, Better Blessed finished fourth, behind Rec the House, and did not — as reported elsewhere on Monday—finish down the field.

Although four lengths adrift of Ryan Price's runner-up, Weth Nan, Better Blessed more than pleased Hastings-Bass and his rider, Georges Doleuze, who in no way gave him a punishing race. The popular French jockey will again be aboard Better Blessed, when the five-year-old goes for the 6½ furlong Prix de Californie (a race in which he is again likely to come up against Weth Nan) in 11 days' time.

Quoted at 20 to 1 by William Hill, the sponsors of the Lincoln in five weeks' time, Better Blessed seems to represent reasonable value when one considers the current ante post betting on the race.

Latest William Hill odds for the Lincoln see Fair Season, trained by Hastings-Bass's brother-in-law Ian Balding head*ing the market at 14 to 1, two* points ahead of Effulgence. Better Blessed, Claudio Nicolai, Portese, and Yamadori share joint third favouritism at 20 to 1.

BBC leads as 22m viewers watch Oliver

TELEVISION VIEWERS divided their time in January in the ratio: 55 BBC, 45 ITV, according to BBC audience research. It was the 12th successive month in which the ratio had been in the BBC's favour.

The highest audience of the month, an average of 22.5m, was achieved by *Oliver*, the film version of Lionel Bart's musical. An edition of *The Two Ronnies* reached 21.5m, and an episode of *Starsky and Hutch* 20.5m.

TV Radio

† Indicates programme in black and white

BBC 1

7.05-7.55 am Open University (ultra high frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.23 Tellifant. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Wildtrack. 5.10 Grange Hill. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.05 Wonder Woman.
7.55 The Superstars.
9.00 News.
9.25 Petrocelli.
10.15 Up, Up, Away (London and South-East only).
10.45 *Regional, National News.*
†10.50 The Late Film: "Darby's Rangers," starring James Garner.

All Regions as BBC-1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum (profile of playwright Tom McGrath). 10.45-10.50 Regional, National News.

Wales—11.05-11.30 am For Schools (Let's Look at Wales). 1.45-2.02 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25-7.55 King of Instruments. 10.15 Kane of Friday. 11.05 News for Wales. 11.06 Hanner Munud. †11.35-1.35 am The Late Film: "Darby's Rangers."

Northern Ireland—10.23-10.38 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Countrywide. 10.45-10.50 Regional and National News.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) Midlands Tonight; North (Leeds) Let the People Talk; North East (Newcastle) Friday North Explosion Pit; North West (Manchester) The Acting Game; South (Southampton) All Together Now; South West (Plymouth) Peninsula; West (Bristol) It's in the Blood.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
5.15 Open University.
6.55 Search for Excitement.
7.25 Mid-Evening News.
7.35 *Custom* Car.
8.05 Design by Five.
8.30 Westminster.
9.00 Pot Black 79 Snooker.
9.25 International Pro-Celebrity Golf.
10.15 Late News.
10.30 "Love in the Afternoon," starring Zouzou.
12.05 am Rock Goes to College.
12.45 Music at Night for piano by Chopin.

LONDON

9.30 am Schools Programmes.
11.54 Beany and Cecil Cartoon.
12.00 The Learning Tree. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.15 The Ghosts of Motley Hall. 4.45 Magpie. 5.15 Thames Sport.
5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Sale of the Century.
8.00 Flambards.
9.00 Whicker's *World Cruising.*
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 The London Programme: Why are London's hospitals going through another crisis.
12.10 am George Hamilton IV.
12.40 Close: Geoffrey Hinsliff reads from the Book of Job, illustrated by William Blake.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday Matinee—"The Runaways." 5.15 Sam. 6.00 About Anglia. 10.30 Probe 11.00 Friday Late Film—"The St. Valentine's Day Massacre." 12.45 am Women Who Matter.

ATV

1.20 pm ATV Newsdesk. 3.20 Family. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee—Franco of Menace: "The Mummy."

BORDER

†1.20 pm Border News. 2.25 Matinee: "The Gun and the Pulpit." 5.15 Garnett Way. 6.00 Lookaround Friday. 6.30 Welcome to the Ceilidh. 10.30 J. B. Priestley O.M. 11.00 Cleo—Cleo Laine. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "The Small Miracle." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 10.28 Channel Late News. 10.32 Action Adventure: "The Fox." 12.25 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Andy's Party. 10.30 Reflections. 10.35 The Friday Film: "The Very Edge." 12.25 am Grampian Late Night Headlines followed by road and ski report.

GRANADA

1.20 pm This Is Your Right. 2.25 The Friday Matinee: "Tell Me Where It Hurts." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 The Friday Film: "Khartoum" starring Charlton Heston and Laurence Olivier.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 The Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Late Film: "Don't Be Afraid Of The Dark."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 9.00-10.00 The Welsh Assembly. 10.35-11.05 Snooker Special.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Christians. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear—"Night Terror."

SOUTHERN

1.20 pm Southern News. 2.25 Friday Matinee: "Brenda Starr—Girl Reporter." 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.30 Weekend. 10.35 A Southern Report. 11.05 Southern News Extra. 11.15 Soap. †11.45 The Late, Late Show: "Shoot the Pianist" starring Charles Aznavour.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee—"Brenda Starr." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 Come In If You Can Get In. 11.00 The Friday Night Film—"Twins of Evil" starring Peter Cushing. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. †2.25 Friday Matinee. "Miss Robin Hood" starring Margaret Rutherford and Richard Hearne. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Friday Night. 10.40 Danger in Paradise. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. †2.25 The Friday Matinee. "The Small Miracle" starring Vittorio De Sica. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 Action Adventure: "The Fox" starring Sandy Dennis and Anne Heywood. 12.25 am Faith for Life. 12.30 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday *Film Matinee: McMillan.* 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 Appointment With Fear: "The Spell." 11.55 Andy.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.30 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Steve Jones (S). 7.32 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Sequence Time at the Radio 2 Ballroom (S). 8.02 Friday Night is Music Night part 1 (S). 8.40 Steve Race reflects. 9.00 Friday Night Is Music Night, part 2. 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta de Domis. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02-5.00 am You And The Night And The Music with Tim Gudgin (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Chopin (S). 9.50 Young Artist's Recital (S). 10.50 Handel Violin Sonatas (S). 11.25 Dvorak's Mass in D (S). 12.15 pm Midday Prom part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Prom, part 2 (S). 2.05 Music for Flute and Piano (S). 2.40 The Beecham Legacy. 3.40 New Wind Quintets (S). 4.25 The Young Idea (S). 5.25 Homeward Bound, part 1 (S). ‡5.45 News. ‡5.50 Homeward Bound, part 2. ‡6.15 At Home: Schnabel plays Beethoven. 7.10 BBC Scottish Symphony Orchestra (S). 8.25 Stories of [illegible] 8.50 College Concerts 1978-79, part 1 (S). 9.30 Cornish Poems. 9.50 College Concerts, part 2 (S). 10.25 Mrs. 3 Now. 11.10 Vladimir Horowitz plays Schumann (S). 11.55 News.

VHF Only—6.30-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way Down Under visits Canberra. 11.40 Announcements. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Northern Ireland. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 On The Grapevine. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC Radio and Television (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00: As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 A.M.: *news, information, travel, sport.* 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,899

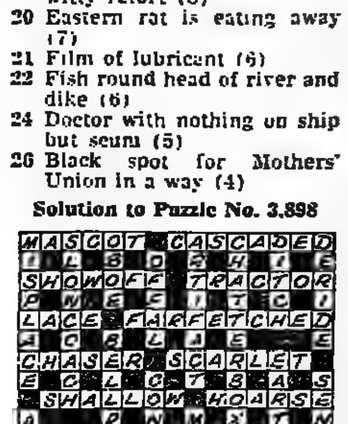
ACROSS

1 Injury makes mother get older (6)
4 Employees go to ring-road in county town (8)
10 Maggot being produced by chap of breeding (9)
11 Home help returns in state (5)
12 Gory mess in riotous revel (4)
13 Household growth possibly has many branches (6, 4)
15 Got up after drink for flower (3-4)
16 Lands in eastern country (6)
19 Pure, but followed we hear (6)
21 Teutonic note could be relevant (7)
23 Find again communist is taking protection (10)
25 Wager article is contained in letter from abroad (4)
27 Snare duck with beak outside (5)
28 Where horses race with sailor may be medically moving (5, 4)
29 He is going back to gallery to procrastinate (8)
30 Deprive of food and glare about five (6)

DOWN

1 Follow grinder and Norman moulding (8)
2 Systematic account given by doctor with no symbolic diagram (9)
3 Measure aquatic breathing device (4)
5 Unusually silent Oriental could be stretching (7)
6 Lie told to children? (5, 5)
7 Command written instruction to pay money (5)
8 Trader who distributes cards (6)
9 Stab one politician and drink (6)
14 Happy to accept little sister being compatible (10)
17 Business reasonable at the exhibition (5, 4)
18 Salesman drawing extra emoluments initially from witty retort (8)
20 Eastern rat is eating away (7)
21 Film of lubricant (6)
22 Fish round head of river and dike (6)
24 Doctor with nothing on ship but scum (5)
26 Black spot for Mothers' Union in a way (4)

Solution to Puzzle No. 3,898



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

ART GALLERIES

LOMBARD

Britain's role in the EMS

BY PETER RIDDELL

THE EUROPEAN Monetary System might appear to be a dead issue for Britain—along with the debate about the use of North Sea oil and the problems of success so transiently glimpsed during 1977. The topic has certainly slipped well down Ministers' list of priorities, not least because of the current arguments about agricultural policy which have delayed the start of the system. But when these problems are sorted out and EMS starts, Britain will be faced with decisions which cannot be ducked indefinitely.

The Government's lack of interest in the topic at present was underlined by the Prime Minister in a Parliamentary answer earlier this month. Explaining the UK view Mr. Callaghan said, "we felt that there must be other adjuncts to the system, namely a greater convergence in the economies of the various countries and also in the monetary backing that is given to developing regions and elsewhere. Until these things are done, it is very unlikely that we shall be able to change our minds on whether it is worthwhile for this country to enter."

Not an issue

Doubts about the system have also been expressed by the Tories, though for different reasons, so there is unlikely to be any attempt to make EMS an election issue. This does not however, reduce its political and potential economic importance for Britain, as Mr. Gordon Richardson said on Wednesday.

Mr. Richardson's speech differed in tone, if not necessarily substance, from the Prime Minister's remarks as he emphasised that the Bank of England will continue to play a "constructive part" in discussions on the EMS. The Governor added that "though the UK announced that it would not participate in the intervention arrangements at their outset, we nevertheless are in a real sense taking part in the preparations for the EMS as a whole."

The pity about Mr. Richardson's speech is that it was not delivered three months ago, before the Brussels summit in early December. He is far from being a starry-eyed admirer of EMS and indeed the speech presented a detailed justification of Britain's reservations about the intervention mechanism. In particular, he stressed the problems caused by differences in trading patterns within the EEC. "An EEC currency bloc which fluctuates significantly against other leading currencies will have markedly different terms-of-trade effects for different EEC countries and it will also tend to put stresses on the intra-EEC intervention system." This applies particularly to the UK which still undertakes a large percentage of its trade outside the EEC and in dollars.

This leads onto the problem of how these flows should be absorbed and the dangers of a loss of monetary control in intervening countries as well as exchange rate tensions within the EEC bloc. This only emphasises the potential difficulties caused by the absence of a clear dollar policy.

But the reservations on these points and others are essentially secondary to doubts about the Government's commitment to the goals of EMS. When the system starts the UK will have to decide whether to participate in the extended short-term swop facilities. There seems to be some preference at official level for joining, partly as a sign of good intentions about the development of EMS, but the politicians may be reluctant to revive so delicate an issue.

The political doubts are the heart of the problem. Mr. Richardson argued that, "in the perspective of history the intervention arrangements may prove less significant and far-reaching than the idea launched in 1978 for the ultimate development of a European Monetary Fund; some degree of reserve pooling; the general improvement in co-ordination and convergence of European monetary and economic policies.

Status

But even to reach this stage in the debate will require a far more positive desire by both major parties for a specifically EEC solution, well beyond the present general commitment to exchange rate stability. This does not mean that the UK should avoid pressing its legitimate doubts about the intervention mechanism or budgetary matters. But Britain will have to play an active role in the continuing discussions about EMS if it is to avoid almost an associate status within the EEC.

AROUND BRITAIN

FALMOUTH

Shiprepairing on the rocks

BY RICHARD COWPER

TO SAY that despair has enveloped Falmouth—the small Cornish port on the River Fal which boasts one of the best natural water harbours in the world—would probably be an understatement. "The town will never be quite the same again; it's had its heart cut out," was how one engineering worker who has spent all his working life in the ship repair yard put it last week on learning of British Shipbuilders' decision to close the yard in March.

Falmouth Shiprepairers, which provides jobs for 1,200, is the town's biggest single employer and the third largest industrial employer in Cornwall. If the closure goes ahead, it will more than double Falmouth's existing unemployment rate—currently twice the national average—from 13.4 per cent to somewhere between 24 and 28 per cent, according to Mr. John Hopkins of the South West's Employment Intelligence Unit, a part of the Manpower Services Commission. "This would mean that in a working population of 11,000 well over 2,000 people would be looking for work. There is just not this number of jobs around in an area which has one of the highest unemployment rates in the UK the planned closure must be catastrophic."

The closure would mean not only the throwing into the labour market of a large pool of skilled labour built up over many years, but also a reduction of employment in Falmouth's service industries. Mr. Harry Robinson, principal planning officer for Cornwall county council, says that for every 100 jobs in ship repair at least 25 are generated in the service sector. The yard's wage bill last year was over £6m.

The ship repair yard, founded almost a century ago, has had a chequered history since the end of the war, and has had a reputation for poor industrial relations. When British Shipbuilders acquired it from P & O in 1977 the yard had just announced losses of £1.2m. In its first year under British Shipbuilders it made a loss of £1.9m, and it is expected to report a loss of around £3m on a turnover of £6.4m for the current financial year ending on March 31.

While prospects of a last-minute reprieve for the yard are not good, a glimmer of hope has been provided by Mr. Christopher Bailey, chairman of the highly successful Bristol Channel Shiprepairers, who has made a formal offer to take over the company. Mr. Bailey owns the largest privately-held ship repair business in the UK and is well known in the industry for his leadership, three years ago, of the campaign against the nationalisation of ship repairing.

Mr. Bailey wants to lease the yard rent-free for at least 15 years, with a Government loan of up to £2m and a commitment from British Shipbuilders to guarantee the first £1m of any losses. In return he says he will turn the ward round, offer employment for at least 150 men in the short term and allow British Shipbuilders a share in the profits.

So far, however, the bid, made on Friday night, has spurred little or no interest from British Shipbuilders. In fact there is likely to be considerable resistance from the Government, mainly because it would prefer to see what it believes to be excess ship repairing capacity eliminated.

Both Mr. David Mudd, Conservative MP for Falmouth, and Mr. David Penhaligon, Liberal MP for Truro, say they doubt whether the Government will agree to Mr. Bailey's terms. Mr. Ian Sutherland, British Shipbuilders' chief executive at Falmouth, said that the offer was "unrealistic" and that he did not want to see false hopes being raised.

"Mr. Bailey wants the Government to bear all the risks without making much of a financial commitment himself. If he came back with a believable offer, for say part of the yard's facilities, with some of his own money at the front end, then we would have to consider it more carefully. The present policy of British Shipbuilders is to put the yard on a care and maintenance basis, and the corporation has no intention of divesting any of its assets at Falmouth," he said.

Mr. Bailey, who runs repair yards at four ports in Wales catering for ships up to 30,000 tons deadweight, said that he was backing his offer with assets of £8m which would cover any losses over £1m, and that in his estimation it would cost British Shipbuilders well over £500,000 a year just to keep the yard mothballed.

"If the corporation wants to negotiate on a scaled-down package I will be only too happy to talk: but if they refuse to listen to commercial reason I will fight it politically. I believe that, managed properly, there is a market for this yard, which is ideally placed geographically, in spite of the general decline in the industry."

But if the yard goes, what of the future of the port itself? Two hopes on the horizon are the possibility of finding oil off Cornwall and the further development of the fishing industry. In the short term, neither will bring a great deal of wealth and work to the docks. But if oil is struck in the Western approaches and Falmouth succeeds in becoming the servicing port for a local oil industry the outlook could be quite different. So far, Falmouth Docks Exploration, the company set up by British Shipbuilders to explore local offshore potential, has obtained a contract with BNOC worth £½m to service its first exploration rig, which started operations in December.

The rise to prominence of the South-West's mackerel fisheries over the past three years has seen the value of fish technically landed at Falmouth rise from almost nothing five years ago to an estimated £10.8m in 1978. The problem is that most of this is trans-shipped from British trawlers to Russian and East European factory ships for export and is never actually landed ashore.

According to Ian Sutherland, however, if a Common Fisheries Policy is agreed in Brussels and the UK is able to divert a large proportion of this fish ashore, at least 1,000 local jobs could be created in handling and processing.

The other major industry in the town is tourism: at the peak of the season last year the Falmouth area provided accommodation for over 9,000 tourists and was visited by around 100,000 holidaymakers. In gross spending tourism was worth around £11m in 1978 with £4m of this going to the town as net income.

Clearly, an overriding priority is to attract new industry to the area. Over 30 new companies have arrived since 1961, helped by Cornwall's status as a development area, but this has been offset by the run-down of jobs at the shipyard from 3,000 at the end of the last decade.

These efforts have been hampered, however, by bad communications, a lack of available land for industrial development and the town's geographical location—situated as it is out on a limb at the far west of the country.

So far, the Government's main response to the impending closure has been to grant Falmouth special development area status, which means that government grants will be easier to obtain and will be raised from the present 20 per cent to 22 per cent.

Meanness

"This extra 2 per cent is offensive in its meanness when you assess the size of the problem," says David Mudd. "The geographical containment of the town means that there is little scope for industrial expansion—the least that could be done would be to extend this special status to surrounding districts better able to use it."

But if nothing is to be salvaged from the closure of the ship repair yard, then the prospects for many of Falmouth's inhabitants must look about as bleak as the sea off Land's End.

Better Blessed in fine form

RACING

BY DOMINIC WIGAN

THE UNRELENTING weather, which has decimated racing for nearly two months, producing the most unsatisfactory National Hunt season since 1962-3, now seems certain also to affect the start of the Flat campaign.

Even at Newmarket, with its unrivalled facilities, including all weather gallops, trainers are finding it difficult to get animals ready and handlers with the Lincoln and Brocklesby in mind fear they could be losing the race against time.

One trainer, however, with cause for optimism is William Hastings-Bass, whose Better Blessed is in fine shape at Cagnes-sur-Mer

The So Blessed colt, who was being aimed at last year's Lincoln when the weather interrupted his preparation and Doncaster plans had to be scratched, will in no way fall through lack of peak fitness on March 24.

Running a highly-encouraging race at Cagnes-sur-Mer on Sunday, Better Blessed finished fourth, behind Rec the House, and did not — as reported elsewhere on Monday—finish down the field.

Although four lengths adrift of Ryan Price's runner-up, Weth Nan, Better Blessed more than pleased Hastings-Bass and his rider, Georges Doleuze, who in no way gave him a punishing race. The popular French jockey will again be aboard Better Blessed, when the five-year-old goes for the 6½ furlong Prix de Californie (a race in which he is again likely to come up against Weth Nan) in 11 days' time.

Quoted at 20 to 1 by William Hill, the sponsors of the Lincoln in five weeks' time, Better Blessed seems to represent reasonable value when one considers the current ante post betting on the race.

Latest William Hill odds for the Lincoln see Fair Season, trained by Hastings-Bass's brother-in-law Ian Balding heading the market at 14 to 1, two points ahead of Effulgence. Better Blessed, Claudio Nicolai, Portese, and Yamadori share joint third favouritism at 20 to 1.

BBC leads as 22m viewers watch Oliver

TELEVISION VIEWERS divided their time in January in the ratio: 55 BBC, 45 ITV, according to BBC audience research. It was the 12th successive month in which the ratio had been in the BBC's favour.

The highest audience of the month, an average of 22.5m, was achieved by *Oliver*, the film version of Lionel Bart's musical. An edition of *The Two Ronnies* reached 21.5m, and an episode of *Starsky and Hutch* 20.5m.

TV/Radio

† indicates programme in black and white

BBC 1

7.05-7.55 am Open University (ultra high frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Trumpton. 2.02 For Schools, Colleges. 3.23 Tellifant. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Wildtrack. 5.10 Grange Hill. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.05 Wonder Woman.
7.55 The Superstars.
9.00 News.
9.25 Petrocelli.
10.15 Up, Up, Away (London and South-East only).
10.45 Regional, National News.
†10.50 The Late Film: "Darby's Rangers," starring James Garner.

All Regions as BBC-1 except at the following times:

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Spectrum (profile of playwright Tom McGrath). 10.45-10.50 Regional, National News.

Wales—11.05-11.30 am For Schools (Let's Look at Wales). 1.45-2.02 pm Sioncyn Sponcyn. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25-7.55 King of Instruments. 10.15 Kane of Friday. 11.05 News for Wales. 11.06 Hanner Munud. †11.35-1.35 am The Late Film: "Darby's Rangers."

Northern Ireland — 10.23-10.38 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Countrywide. 10.45-10.50 Regional and National News.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol): South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) Midlands Tonight; North (Leeds) Let the People Talk; North East (Newcastle) Friday North Explosion Pit; North West (Manchester) The Acting Game; South (Southampton) All Together Now; South West (Plymouth) Peninsula; West (Bristol) It's in the Blood.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
5.15 Open University.
6.55 Search for Excitement.
7.25 Mid-Evening News.
7.35 Custom Car.
8.05 Design by Five.
8.30 Westminster.
9.00 Pot Black 79 Snooker.
9.25 International Pro-Celebrity Golf.
10.10 Late News.
10.30 "Love in the Afternoon," starring Zouzou.
12.05 am Rock Goes to College.
12.45 Music at Night for piano by Chopin.

LONDON

9.30 am Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.00 The Learning Tree. 12.10 pm Daisy, Daisy. 12.30 The Cedar Tree. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Sounds of Britain. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.15 The Ghosts of Motley Hall. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Sale of the Century.
8.00 Flambards.
9.00 Whicker's World Cruising.
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 The London Programme: Why are London's hospitals going through another crisis.
12.10 am George Hamilton IV.
12.40 Close: Geoffrey Hinshiff reads from the Book of Job, illustrated by William Blake.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday Matinee—"The Runaways." 5.15 Sam. 6.00 About Anglia. 10.30 Probe. 11.00 Friday Late Film—"The St. Valentine's Day Massacre." 12.45 am Women Who Matter.

ATV

1.20 pm ATV Newsdesk. 3.20 Family. 5.15 Happy Days. 6.00 ATV Today. 10.30 Mary Hartman, Mary Hartman. 11.00 Christopher Lee—Prince of Menace: "The Mummy."

BORDER

†1.20 pm Border News. 2.25 Matinee: "The Gun and the Pulpit." 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Welcome to the Ceilidh. 10.30 J. B. Priestley O.M. 11.00 Cleo—Cleo Laine. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 The Friday Matinee: "The Small Miracle." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Stationary Ark. 10.28 Channel Late News. 10.32 Action Adventure: "The Fox." 12.25 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Sportscall. 7.30 Andy's Party. 10.30 Reflections. 10.35 The Friday Film: "The Very Edge." 12.25 am Grampian Late Night Headlines followed by road and ski report.

GRANADA

1.20 pm This Is Your Right. 2.25 The Friday Matinee: "Tell Me Where It Hurts." 5.15 Mr. and Mrs. 6.00 Granada Reports. 6.30 Kick Off. 10.30 The Friday Film: "Khartoum" starring Charlton Heston and Laurence Olivier.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.25 The Family. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.35 Report Extra. 11.05 The Late Film: "Don't Be Afraid Of The Dark."

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 9.00-10.00 The Welsh Assembly. 10.35-11.05 Snooker Special.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and road and weather. 5.15 Mr. and Mrs. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Christians. 10.30 Ways and Means. 11.00 Late Call. 11.05 Appointment With Fear—"Night Terror."

SOUTHERN

1.20 pm Southern News. 2.25 Friday Matinee: "Brenda Starr—Girl Reporter." 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 10.30 Weekend. 10.35 A Southern Report. 11.05 Southern News Extra. 11.15 Soap. †11.45 The Late, Late Show: "Shoot the Pianist" starring Charles Aznavour.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Friday Film Matinee—"Brenda Starr." 5.15 Mr. and Mrs. 6.00 Northern Life. 6.25 Sportstime. 10.30 Come In If You Can Get In. 11.00 The Friday Night Film—"Twins of Evil" starring Peter Cushing. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. †2.25 Friday Matinee: "Miss Robin Hood" starring Margaret Rutherford and Richard Hearne. 4.13 Ulster News Headlines. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. 6.30 Sportscast. 10.30 Friday Night. 10.40 Danger in Paradise. 11.35 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 12.25 The Friday Matinee: "The Small Miracle" starring Vittorio De Sica. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 Action Adventure: "The Fox" starring Sandy Dennis and Anne Heywood. 12.25 am Faith for Life. 12.30 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: McMillan. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 Appointment With Fear: "The Spell." 11.55 Andy.

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.30 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Steve Jones (S). 7.32 Terry Wogan including 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Sequence Time at the Radio 2 Ballroom (S). 8.02 Friday Night is Music Night, part 1 (S). 8.40 Steve Race reflects. 9.00 Friday Night is Music Night, part 2. 9.55 Sports Desk. 10.02 Treble Chance. 10.30 Fiesta de Dorito. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02-5.00 am You And The Night And The Music with Tim Gudgin (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Chopin (S). 9.50 Young Artist's Recital (S). 10.50 Handel Violin Sonatas (S). 11.25 Dvorak's Mass in D (S). 12.15 pm Midday Prom, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Prom, part 2 (S). 2.05 Music for Flute and Piano (S). 2.40 The Beecham Legacy. 3.40 New Wind Quintets (S). 4.25 The Young Idea (S). 5.25 Homeward Bound, part 1 (S). ‡5.45 News. ‡5.50 Homeward Bound, part 2 ‡6.15 At Home: Schnabel plays Beethoven. 7.10 BBC Scottish Symphony Orchestra (S). 8.25 Stories on 3. 8.50 College Concerts 1978-79, part 1 (S). 9.30 Cornish Poems. 9.50 College Concerts, part 2 (S). 10.25 Music Now. 11.10 Vladimir Horowitz plays Schumann (S). 11.55 News.

VHF Only—6.30-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way Down Under visits Canberra. 11.40 Announcements. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour from Northern Ireland. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 On The Grapevine. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC Radio and Television (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Week Ending (S). 10.55 Fritz on Friday. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 11.40 Lobby. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00: As Radio 2.

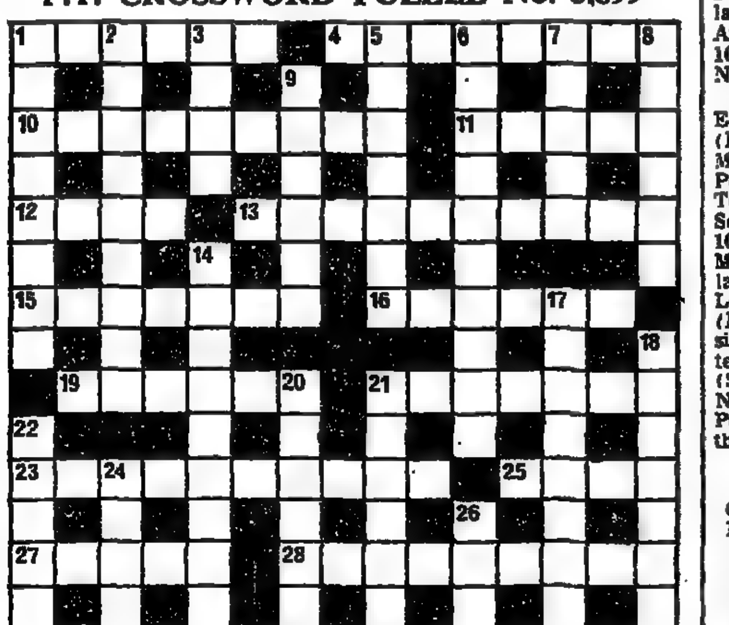
London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Mike Smith (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Mummy's Weekly (S). 11.00 Mike Allen's Late Show (S) 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,899



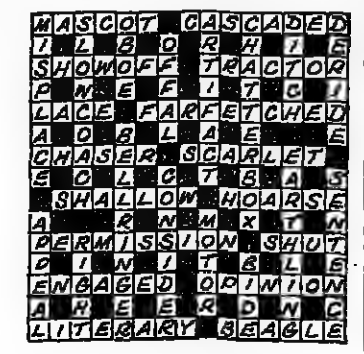
ACROSS

1 Injury makes mother get older (6)
4 Employees go to ring-road in county town (8)
10 Maggot being produced by chap of breeding (9)
11 Home help returns in state (5)
12 Gory mess in riotous revel (4)
13 Household growth possibly has many branches (6, 4)
15 Got up after drink for flower (3-4)
16 Lands in eastern country (6)
19 Pure, but followed we hear (6)
21 Teutonic note could be relevant (7)
23 Find again communist is taking protection (10)
25 Wager article is contained in letter from abroad (4)
27 Snare duck with beak outside (5)
28 Where horses race with sailor may be medically moving (5, 4)
29 He is going back to gallery to procrastinate (8)
30 Deprive of food and glare about five (6)

DOWN

1 Follow grinder and Norman moulding (8)
2 Systematic account given by doctor with no symbolic diagram (9)
3 Measure aquatic breathing device (4)
5 Unusually silent Oriental could be stretching (7)
6 Lie told to children? (5, 5)
7 Command written instruction to pay money (5)
8 Trader who distributes cards (6)
9 Stab one politician and drink (6)
14 Happy to accept little sister being compatible (10)
17 Business reasonable at the exhibition (5, 4)
18 Salesman drawing extra emoluments initially from witty retort (8)
20 Eastern rat is eating away (7)
21 Film of lubricant (6)
22 Fish round head of river and dike (6)
24 Doctor with nothing on ship but scum (5)
26 Black spot for Mothers' Union in a way (4)

Solution to Puzzle No. 3,898



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Winners 1978 SWET Award Outstanding Achievement in Opera. Tonight Tue. and Thurs. next 7.00 Carmen. Tomor. and Wed. next 7.30 Dido & Aeneas/Les Mamelles de Tiresias. 104 balcony seats avail. for all perfs. from 10.00 a.m. on day of perf.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL BALLET. Ton't 7.30 The Firebird, Scenes de ballet, The Rite of Spring. Tue. and Thur. 7.30 Romeo and Juliet. THE ROYAL OPERA. Tomor. 7.30 Eugene Onegin. Mon. and Wed. 7.30 Die Zauberflote. 65 Amphi seats avail. for all perfs. from 10 am on day of perf.

DOMINION. Tottenham Ct. Rd. 580 9562. LONDON FESTIVAL BALLET. Mar. 6 to 17 ROSALINDA. New comedy ballet music by J. Strauss. Mar. 19 to 27 Nureyev's production of Tchaikovsky's The Sleeping Beauty. Mar. 28 to 31 Les Sylphides, Petrouchka, Prince Igor.

SADLER'S WELLS THEATRE. Rosebery Ave., E.C.1. 837 1672. Till Feb. 24. D'OYLY CARTE IN GILBERT AND SULLIVAN. Evgs. 7.30. Mats. Wed. and Sats. 2.30. Till Wed. next THE PIRATES OF PENZANCE. Thur. next, PATIENCE.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.00. Sats. 4.00. Seats from £1 at doors. JOHNNY DORELLI IS BACK IN LONDON'S HAPPIEST AND SPECTACULAR MUSICAL BEYOND THE RAINBOW. From the Novel "After Me, the Deluge." Over 100 perfs. Now booking to Sept.

ALBERY. From 8.30 am. 836 3878. CC. Bkgs. 836 1071-3. Party rates. Evgs. 7.45. Thurs. and Sat. 4.30, 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S "MIRACULOUS MUSICAL." Fin. Times. OLIVER with ROY HUDD, GILLIAN BURNS, MARGARET BURTON. CHILDREN HALF-PRICE OFFER. NOW BOOKING TO 1980.

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Ton't., Mon. 7.30, Tomor. 2.00 and 7.30. Bronson Howard's comedy SARATOGA. "An irresistible, delightful evening." S. Express. "Dennis Waterman gives a performance of prodigious energy, style and charm." Spectator. With AS YOU LIKE IT (Feb. 20-24). RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evgs. 8.00. Tues. 2.45. Sat. 5.00, 8.00. JAMES BOLAM. "A superb performance." FT. GERALD FLOOD in A NEW THRILLER WHO KILLED "AGATHA" CHRISTIE. "Best since Sleuth." N. Statesman.

APOLLO. CC. 01-437 2663. Evgs. 8.00. Thurs. 3.00. Sat. 5.00, 8.00. LAST WEEK. LANA MORRIS, JANE DOWNS and DENNIS RAMSDEN. SHUT YOUR EYES AND THINK OF ENGLAND. 2nd WICKEDLY FUNNY YEAR. "Very very funny, great entertainment." NoW.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . see it." Sunday Times. Mon to Thursday 8.30. Friday and Saturdays 7.00 and 9.15.

ASTORIA THEATRE. CC. Charing Cross Rd. 734 4291 or 439 8031. Mon.-Thurs. 8.00 p.m. Fri. and Sat. 6.00 and 8.45. ELVIS. BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD. SECOND GREAT YEAR.

HAYMARKET. 01-930 9832. Evgs. 8.00. Wed. 2.30. Sat. 4.30, 8.00. PENELOPE KEITH, NIGEL HAWTHORNE, CHARLES KAY, ANGHARAD REES and IAN OGILVY in THE MILLIONAIRESS by BERNARD SHAW. Limited Season. MUST END MARCH 3.

KING'S HEAD. 226 1916. Dinner 7.30, Show 8.30. THE ERPINGHAM CAMP by Joe Orton. "Full of comic invention." FT.

KING'S ROAD THEATRE. 01-352 7488. Monday to Thursday 9.00. Friday and Saturday 7.30 and 9.30. THE ROCKY HORROR SHOW. DON'T DREAM IT, SEE IT. LAST SEVEN WEEKS.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT, COLIN BLAKELY in FILUMENA by Eduardo de Filippo. Directed by FRANCO ZEFFIRELLI. Society of West End Theatres Award. COMEDY OF THE YEAR. "TOTAL TRIUMPH." Ev. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR. 629 3036. 493 2031. (Green Park tube.) Mon.-Fri. 8.00. Sat. 5.15 and 8.45. Preview 13th red. prices 14th 7.30. TONY SELBY, DAVID DIXON in FLASHPOINT by Tom Kempinski. Directed by Anton Rodgers. "A tense yet comic drama." —How would you have reacted?—

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Tonight 7.30, Tomor. 2.45 and 7.30 STRIFE by Galsworthy. LYTTELTON (proscenium stage): Tonight 7.45, Tomor. 3.00 and 7.45 BETRAYAL, new play by Pinter. COTTESLOE (small auditorium): Tonight and Tomor. 8.00 (Previews) THE LONG VOYAGE HOME. Four plays of the sea by Eugene O'Neill. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OLD VIC THEATRE. 01-928 7616. Young Vic Company in Shakespeare's Trilogy RICHARD III, HAMLET and THE TEMPEST. Directed by Michael Bogdanov. In rep. from Feb. 20-Mar. 31.

OPEN SPACE. 387 6969. Tues. to Sun. 8. BRIMSTONE AND TREACLE by Dennis Potter. "Deeply fascinating." Guardian. "Irrepressible humour." Standard.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri. & Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. CC. 01-437 7373. Tonight 7.30. NO MAT. TODAY. Subs. Twice Daily 2.45 and 7.30. DANNY LA RUE as "Merry" Widow Twankie in ALADDIN. ALFRED MARKS as ABANAZAR. Dilys WATLING, Brian MARSHALL and WAYNE SLEEP. "One of the best-dressed and funniest pantos to be staged at the Palladium for years." D. Mirror. SEATS AVAIL. FOR TON'T's. PERF. TO AVOID DISAPPOINTMENT BOOK YOUR HALF-TERM SEATS NOW.

PALLADIUM. March 26 for 7 pfs. only. Monday 7.30. Tues. and Thurs. 9.00. Wed. and Fri. 6.15 and 8.45. The One and Only BOB HOPE. BOOK NOW 01-437 7373.

PICCADILLY. From 8.30 am. 437 4506. Credit card bookings 836 1071. Mon.-Fri. at 8.00. Sats. 5.15 and 8.15. A NIGHT WITH DAME EDNA and a handful of cobbers. Starring the annoyingly successful BARRY HUMPHRIES. DAME EDNA GRACIOUSLY EXTENDS HER SEASON TO APRIL 28.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs. Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince.

PRINCE OF WALES. 01-930 8681. Credit card bookings 930 0846. Mon. to Thurs.

VAUDEVILLE. CC. 01-836 9988. LIMITED SEASON. Evs. 8. Until March 3. ASPECTS OF MAX WALL. AN EVENING OF LAUGHTER. "Come strikes, rain or public transport, while Max Wall is in London there is nowhere else I would rather be." D.Mail. "A TREASURE TROVE OF THE COMEDIAN'S ART. A UNIQUE AND DELIGHTFUL EXPERIENCE IN THE COMPANY OF OUR GREATEST VAUDEVILLIAN." Fin. Times.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Ton't., tomor. 8.00 seats available for Howard Barker's THE HANG OF THE GAOL. "Prickly, stimulating . . . vivid." Guardian. All seats £1.80. Student standby £1. Adv. bkgs. Aldwych.

WEMBLEY ARENA. 01-902 1234. HOLIDAY ON ICE. The family show. "A Yankee Doodle Sparkler." E. News. Tues. to Fri. 7.45. Mat. Wed. and Thur. 3. Sat. 2, 5 and 8. Suns. at 3 and 6. Children and Senior cits. half price most perfs. pay at doors. Ample parking. Season until Feb. 25.

WESTMINSTER THEATRE. CC. 834 0283. 2.30 and 4.00. Sats. 2.30 and 5.30. "JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT." by Tim Rice and Andrew Lloyd-Webber. £2, £3, £4. BOOK NOW. LAST WEEK.

WHITEHALL. CC. 01-930 6692/7765. Monday to Thurs. 8.00. Matinees Fri. and Sat. 6.15 and 8.45. IPI TOMBI. Exciting black African Musical. "A pulsating musical." E. News. FOURTH GREAT YEAR. Group Bookings 01-437 3856.

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00. Sunday 6.00 and 8.00. PAUL RAYMOND presents RIP OFF. THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." NoW. THIRD GREAT YEAR.

WYNDHAM'S. From 8.30 pm. 01-836 3028. Credit card bkgs. 836 1071. Mon. to Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH." Mary O'Malley's smash-hit comedy "VERY FUNNY." Evening News. ONCE A CATHOLIC. "Sure-fire comedy of sex and religion." D. Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. Last Perfs. Ton't. and Tomor. 7.45 CANTERBURY TALES by Phil Woods. See also under OLD VIC.

YOUNG VIC STUDIO. 928 6363. Last Perfs. Ton't. Tomor. & Phil Woods' SHERLOCK HOLMES AND THE RIDDLE OF THE ROYAL REGALIA.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. Sep. perfs. All seats Bookable. 1: SUPERMAN (A). Week and Sun. 2.00, 5.00, 8.10. Late show Sat. 11.10. 2: FOUL PLAY (A). Week and Sun. 2.00, 5.10, 8.10.

CAMDEN PLAZA (op. Camden Town Tube). 485 2443. Oshima's EMPIRE OF PASSION (X). Progs. 2.25, 4.30, 6.45, 9.10. 6th Week.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: Closed All Day for Royal Charity Premiere. 2: Elliott Gould, James Brolin, CAPRICORN ONE (A). Cont. from 12.45 pm. 3: CAPRICORN ONE (A). Cont. from 2.30 pm.

CLASSIC 1, 2, 3, 4, Oxford Street. 636 0310. (Opp Tottenham Court Rd. Tube). 1. Elliott Gould, James Brolin, Telly Savalas CAPRICORN ONE (A). Cont. from 12.45 pm. 2. SGT. PEPPERS LONELY HEARTS CLUB BAND (U). Cont. from 1.15 pm.

ART GALLERIES

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Friday February 16 1979

Invisible barriers

REPORTS, however much they may be exaggerated, of large-scale foreign buying of British government stock, may well be a pointer to the future. When the present scare over wages gives way to sober assessment, and a government of whatever complexion is clearly committed to continued financial restraint, the yields now available on British stocks must look extremely attractive from overseas. The stability of sterling even during our national crisis has been a comfort (and something of a wonder). The growing value of North Sea oil has been further enhanced by the price increases for light crudes announced yesterday by Middle East producers. The January money figures also show significant liquid inflows from overseas.

All these developments add a great deal of point to the call from the Committee on Invisible Exports for a change in exchange controls. In their evidence to the Wilson Committee they estimate that the official prohibition of sterling financing and other barriers to financial mobility are costing the current account some £600m annually in invisible earnings.

Unmistakable

This figure, like some reports of foreign demand for gilts, may be thought to be on the high side, but again their direction is unmistakable. Exchange controls, devised to protect a position which ought not, under reasonable management, to recur, carry a cost in lost trading opportunities, and actually make the management of the financial system more difficult in the situation which now appears to be reasserting itself.

What Whitehall still appears unable to understand is that in an economy in which the underlying balance of payments is supported by rising oil production of rising real value, barriers to capital exports tend to hamper industrial competitiveness no matter whether this is achieved through rising wages or a rising exchange rate. Unless there is a matching capital outflow, the underlying improvement in the balance of payments due to oil will cause an equal deterioration in the rest of the current account. Books have to balance. The central bank can arrange such an outflow by selling sterling in the international markets and usin gthe proceeds to build up the reserves or repay foreign debt (this is indeed how the persistent German surplus is financed) but it is very difficult at the same time to control the domestic money supply.

Quick to complain

The result of existing exchange controls is not in any case to prevent capital outflows. It is simply to say that in normal times, the State has a monopoly of capital exports. Trade unionists who suspect that any outflow of private capital is robbing them of jobs are equally quick to complain if official exchange policy is pricing their members out of international markets. Yet when they call for action to ensure a competitive exchange rate, they are in fact demanding that capital should be exported.

An outflow of private investment and banking capital achieves the same results in providing finance for exports, but results in a gain rather than a loss to the UK economy, assuming that management is prudent. Any "loss" to the UK economy is an illusion. Private investors have a wider and more rewarding choice of foreign assets than is available to the Bank of England; and there is no need to issue high-yielding securities to foreign holders, who may be able to realise large capital profits across the exchanges when financial stresses ease, in order to finance their investments without inflating the money supply.

Controls in reverse

In more self-confident countries, these truths are understood. Japanese Institutional purchases of British stocks have actually been made as a result of official "guidance"—in other words, voluntary exchange controls in reverse. If sterling can survive a winter like this one firm and in demand, it is high time that our exchange regime was adapted to a set of rules appropriate to a potential hard-currency country. Otherwise we will have to pay a heavy financial premium to prevent North Sea oil contributing not to the recovery but to the de-industrialisation of Britain.

Seeking peace in the Horn

THE CURRENT meeting in Sierra Leone between the leaders of Ethiopia and Sudan is the first serious attempt for nearly two years to solve the problems of the Horn of Africa by negotiation rather than war. Unlike Somalia, which fought a war with Ethiopia ending in defeat last year, Sudan has not been in direct conflict with its Marxist neighbour. But because it provides facilities for the guerrillas fighting for the independence of Ethiopia's northern province of Eritrea it is crucial to the future of the region.

Dislodged

Eritrea has strategic importance both to the Soviet Union which is heavily involved with the Ethiopian regime of Col. Mengistu Haile Mariam, and to the western countries, because it occupies a long stretch of coastline opposite Saudi Arabia at the southern end of the Red Sea. A year ago the guerrillas fighting for independence controlled almost the whole province, but since then Ethiopian troops using Russian equipment and advised by Russian personnel, have dislodged them from many of their strongholds and severely weakened their grip on it—to the extent that the two main guerrilla groups have announced a new unity agreement and said that they will form a joint delegation to negotiate the future of the province. There have even been hints that they now accept that full independence is an unrealistic negotiating demand.

Left wing

The future of Eritrea is the key issue between Ethiopia and Sudan. President Jaafar Nimairi of Sudan would undoubtedly like to see a negotiated settlement of the issue, partly because of the pressure the continuing war is putting on his own country. The million or so displaced Eritreans in Sudan are heavily straining an already overstretched economy and are causing social and political problems. To counter Sudanese support for the Eritreans, Ethiopia is reported to have caused trouble in the south of Sudan where a civil war ended earlier this decade. Though its troops are heavily engaged in fighting both in the north and south of the country, Ethiopia now has one of the most powerful military machines in Africa; its neighbours have to tread carefully.

Underlying the Sudanese attitude is the fear that if the issue of Eritrea, where war has been raging for nearly two decades, is not solved now, Sudan could have a large, articulate and predominantly left wing minority of Eritreans within its borders for an indefinite period, raising disturbing parallels with the Palestinians in the Middle East.

But it is not clear how far Colonel Mengistu, who may believe his troops have total victory in Eritrea within their grasp, is prepared to go in offering terms to the Eritreans. Despite the setbacks they have suffered, the least they would be prepared to accept would be a considerable degree of autonomy within Ethiopia, and this Colonel Mengistu may not think he needs to concede. However if there is no settlement a guerrilla war will certainly continue for many years. As a military man he cannot relish the thought of his troops being tied down there indefinitely, especially when they are needed to pacify the Somali guerrillas in the south.

Embarrassing

There are limits to how far Sudan can afford to go in pushing the Eritreans towards a settlement—by cutting off their facilities in Sudan, for example. The Eritreans have supports in the Arab world, including Iraq and Saudi Arabia, whose friendship is important to Sudan. And if the outcome of the Sierra Leone meeting is to get constructive negotiations going between Ethiopia and the Eritreans a possible beneficiary would be the Soviet Union.

The conflict in Eritrea is embarrassing to Moscow, ranging it on the side of a government ruthlessly crushing a liberation movement, which once enjoyed Russian backing. If, as is reported, the Soviet Union wants to have permanent naval facilities at Ethiopia's Red Sea ports, then it is essential that the hinterland, Eritrea, is peaceful. The issues the two leaders are discussing have implications in the wider conflict between east and west.

The Banking Bill

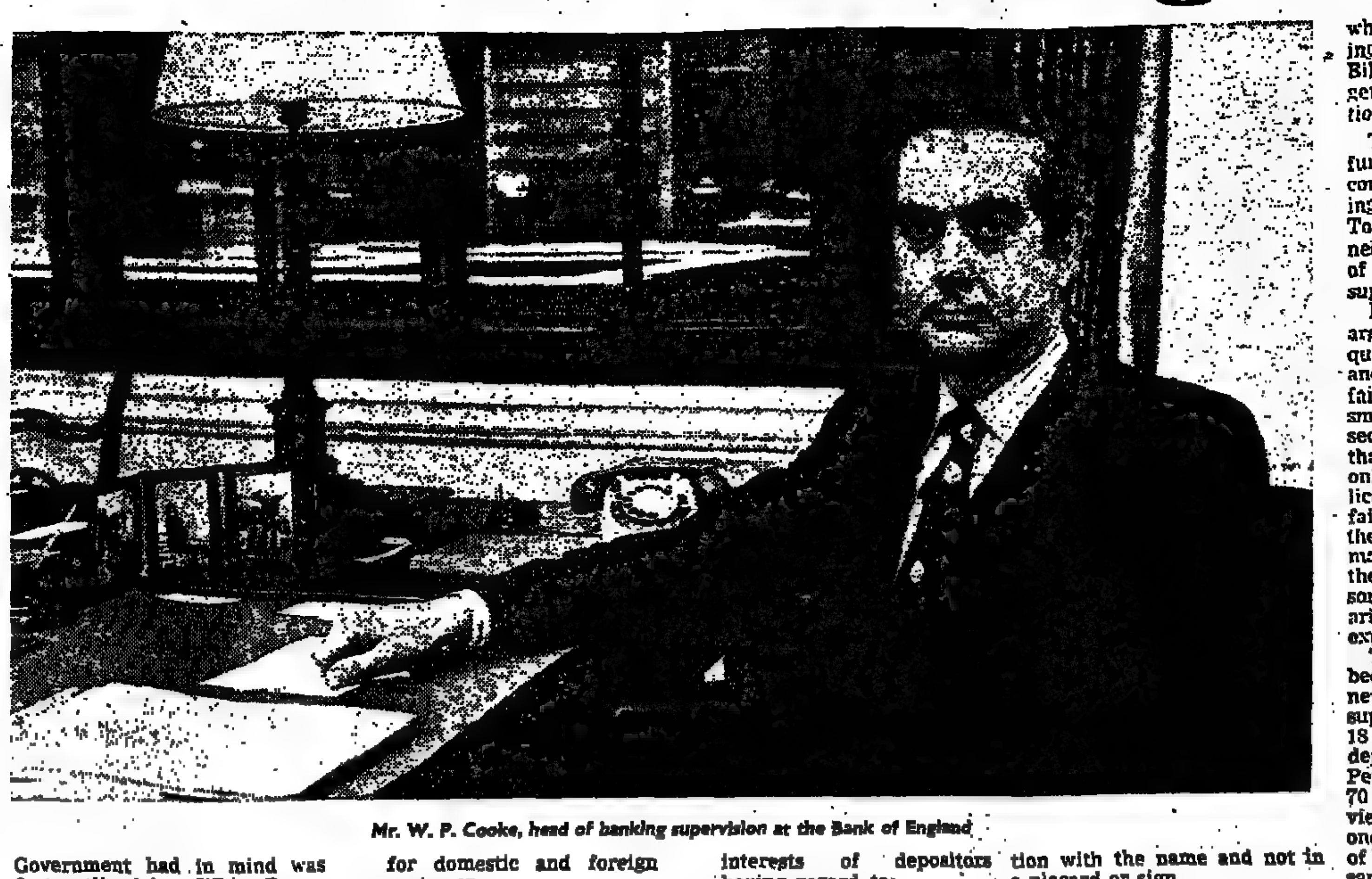
By MICHAEL LAFFERTY, Banking Correspondent

An end to self-regulation in British banking

THE Banking Bill completed its progress through the House of Commons on Wednesday night. Barring further amendment by the Lords, or a general election, it is now in the form which will become law about April. It will represent the first comprehensive banking law the UK has ever had.

The implications of the Bill and the manner in which the Bank of England will exercise its new statute-backed licensing and supervisory powers are not yet fully understood in the banking community. But already it is clear that 1979 could yet be a year of fireworks for the City as the Bank of England takes upon itself the role of deciding for the first time which organisations will be entitled to call themselves "recognised banks"—and which will not even receive a deposit-taking licence.

It is quite likely, for example, that some organisations will seek and be refused the status of "recognised banks." They then have 28 days to make representations and even the right of appeals to the Chancellor of the Exchequer. At the other end of the scale there must be a good chance that some fringe institutions will not even be granted the second-tier status of "licensed deposit-taking institutions"—while others will merit only transitional licences pending development to full licensed status within two years. The eventual outcome of all applications should be known by the middle of next year, when the Bank of England will publish a complete list of recognised banks and licensed deposit-taking institutions.



Mr. W. P. Cooke, head of banking supervision at the Bank of England

It hardly seems possible that the UK could have managed without a general banking law up to now. The explanation of this apparent deficiency has much to do with the self-regulatory way in which the Bank of England used to be able to keep order among banks in London. This form of supervision appears to have worked reasonably well until the secondary banking boom of the late 1960s and early 1970s. These new institutions grew up, rapidly, outside the traditional area of the central bank's control. That they were allowed to develop uncontrolled must with hindsight reflect poorly on the Bank.

The secondary banking collapse in 1973 and 1974 must have been more than enough to convince the Bank that the same thing must never be allowed to happen again. Indeed it is understood that the Bank now believes the fact that all these organisations were able to call themselves banks was an important factor in the eventual crash. But while the secondary banking crisis highlighted the need for a new regulatory system for banks, some form of legislation would have been necessary before the end of 1979 for the UK to comply with its EEC obligations.

The form of legislation the Government had in mind was first outlined in a White Paper, "The Licensing and Supervision of Deposit-Taking Institutions," published in August, 1976. The Bill was subsequently published in draft in July, 1978.

The legislation provides for the prior authorisation and supervision of all institutions which take deposits from the public. The basis of the legislation is deposit-taking — on the grounds that it is here that the public needs most protection. In contrast, the Consumer Credit Act provides protection on the basis of credit-giving.

Basis of the new approach

The basis of the new approach is a two-tier system of authorisation. In first position will be the recognised banks, which will have to satisfy a wide range of exacting criteria in order to qualify. To start with, recognised banks must have a "high reputation and standing in the financial community" and provide either a wide range of banking services or a highly specialised banking service. To qualify as providing the "wide range" a bank should normally have all of the following services:

(a) Current or deposit account facilities in sterling or foreign currency for members of the public or companies, or the acceptance of funds in sterling or foreign currency in the wholesale money markets;
(b) Finance in the form of overdraft or loan facilities in sterling or foreign currency for individuals or companies, or similar activities in the wholesale money markets.
(c) Foreign exchange services for domestic and foreign customers.
(d) Finance through bills of exchange and promissory notes, with finance and documentation in connection with foreign trade.
(e) Financial advice for individuals and companies, or investment management services and facilities for the purchase and sale of sterling and foreign securities.

The Bank of England determines whether any of these services are provided and it has the power to disregard the fact that "one or two" of the services specified in (c) to (e) are not provided. In general, however, the services must be provided on a regular basis.

The clearing banks, the accepting houses, the discount houses and the majority of the foreign banks operating branches in London are expected to get "recognised bank" status. A good rough guide in the case of the foreign banks is that those already holding authorised status under the Exchange Control Act will be recognised. But exchange control authorisation is by no means an absolute guide. With the finance houses in general expected to fall into the second-tier of licensed deposit-taking institutions it seems highly unlikely that any exception will be made, even for United Dominions Trust, though it is authorised.

The conditions for qualification as a licensed deposit-taking institution are far less demanding than those for the top tier. The institution must "conduct its business in a prudent manner" and, in particular:

1 maintain net assets sufficient to safeguard the interests of depositors having regard to:
—the scale and nature of the liabilities and the sources and amounts of deposits accepted; and
—the nature of the assets and the degree of risk attached to them.
2 maintain adequate liquidity having regard to the relationship between liquid assets and liabilities and also to the times at which the liabilities fall due and assets mature; and
3 make adequate provision for bad and doubtful debts and obligations of a contingent nature.

The general rule in the Bill as originally drafted was that only recognised banks could include the work "bank" in their titles, and describe themselves in any way as banks. A limited exemption was proposed in the case of foreign banks falling into the second tier in that they could continue to include "bank" in their name if it was part of the foreign name. However, the UK name would have needed to include the words "Incorporated in Patagonia," or whatever.

Amendments to the Bill during the committee and report stages, including one important government defeat, mean that the position regarding banks and banking names is now as follows:

The general rule restricting freedom to use the descriptions "bank" and "banker" or "banking business" to recognised banks remains.

Licensed institutions providing at least two of the services required of recognised banks may use the expression "banking services" under restricted conditions, but not in conjunction with the name and not in a placard or sign.

Foreign banks falling into the second tier will be prevented from including the word "bank" in their UK titles, unless they are established in the European Community. In the latter case a name including the word "bank" must be accompanied by the equally prominant description, "licensed deposit taken."

Because of the absence of blanket regulation of the banking sector in the past the Bank of England still does not know just how many institutions will eventually be licensed. At present the best guess is that the total in the two tiers will be about 500.

Protection for depositors

A second main feature of the Bill is the provision for the establishment of a deposit protection fund with an initial capital of £6m. This is designed to provide compensation for unlucky depositors of banks and licensed institutions which fail. These depositors will receive from the fund a sum equivalent to 75 per cent of the first £10,000 of sterling funds deposited.

Initial contributions to the fund will be levied on all banks and licensed institutions on the basis of their deposit base and the fund will be topped up as occasion demands. The maximum initial levy par bank is set at £300,000, and the lower limit has been reduced by the Commons at report stage from £5,000 to only £2,500. The resistence of the clearing banks to the whole idea of the protection fund was somewhat reduced when another amendment, during the committe stage of the Bill, provided for the banks to get tax relief on their contributions.

The debate on the protection fund probably provoked as much controversy as the area of banking names and descriptions. The Tory view is that there is no need for the initial fund in view of the increased amount of supervision to be introduced.

In reply the Government argues the need for acting quickly in the event of a crisis, and no doubt hopes that any failures will be among the smaller fry of the licensed sector. It may be significant that protection from the fund only arises when a bank or licensed institution actually fails. This suggests that though the Bank of England will be making a lot of effort through the new supervision system to sort out problems before they arise, the old failure can be expected.

The Bank of England has been preparing itself for its new role by building up its supervisory staff over the past 18 months. The supervisory department, headed by Mr. Peter Cooke, now numbers over 70 people — including 12 interviewers — and is said to be one of the most popular parts of the Bank to work in. At the same time continuous contacts of the type which the Bank has long had with the clearing banks, for example, have been extended to the branches of foreign banks in London.

A number of other important amendments have been made to the Banking Bill on its journey through the Commons. On Wednesday night the Government gave an assurance that the position of five British-based, though foreign trading, banks would be protected under the provisions of the Bill. This is necessary because the banks concerned — Standard Bank, Chartered Bank, Mercantile Bank, Bank of London and South America and Lloyds Bank International (France)—do not carry on the necessary wide range of banking services in the UK and could have been excluded from the right to call themselves banks under the Bill as presently drafted.

The position of school banks has also been the subject of some debate. These institutions are operated in numerous schools up and down the country by organisations such as the Trustee Savings Banks, the National Savings Bank and the Yorkshire Bank. The question was whether they should be excluded from the provisions of the Bill and still allowed to call themselves school banks. It was agreed that they would be, provided the banking parents were willing to guarantee the deposits.

Attention to such relatively minor matters as this emphasises how much the British approach to banking regulation has altered. It is clear that the Government and the Bank of England are now determined to avoid another proliferation of secondary or fringe banks.

MEN AND MATTERS

War of the walls over at last?

The fall of the Shah has opened up some awesome prospects, but for Londoners, at least, there could be one marginal benefit: Iranian students may be less eager now to scrawl those unintelligible slogans which deface so many walls in the capital.

Whether the new Iranian regime, the fulfilment of all this visual aggression, will sponsor a clean-up is another question. Inthe Shah's heyday the London embassy did employ a man to go around with a pot of black paint after the students to daub out their messages: not much of an aesthetic benefit, of course.

Although failing to corner any self-confessed slogan-scrawlers, I have discovered that two groups are involved. One consists of Muslim activists, the other is Maoist, called EYA. There are also two basic slogans, for those who can decipher them: 'Death to the Shah, traitor and seller of the country"; and "Death to the central committee, traitor and seller of the country."

The first must be fairly superfluous now, but will the Iranians start fighting a fresh battle on our walls? The central committee in question is that of the Communist Party, the Ayatollah's most active enemy. The idle thought also strikes one that Britons might get short shrift if they started painting "Death to Jim Callaghan" (or vice-versa) all over Tehran.

According to Fred Halliday, a British political writer in close touch with the Iranian students here, the slogan-writing has been aimed at compatriots over on holiday. Well, there should be fewer of those in the immediate future. Halliday also assures me that the students now have a more agreeable pastime: scrabbling through the private files in the embassy.

"Next time, let's have our winter of discontent in the summer!"

By any other name

I am indebted to Red Tape, journal of the Civil and Public Services Association, for an intimation of injustice undreamt of by even the most ardent discriminologists. A letter in the current issue of the magazine, signed by one P. Smith suggests that his name may itself be the invisible stumbling block he has experienced in seeking promotion within the Lord Chancellor's Department.

There follows a tale of woe from which P. Smith concludes that his name "is the one thing that they (the selectors) are not looking for."

His story echoes a similar disappointment experienced by an earlier correspondent, M. Smith. Was there, I asked Red Tape's editor, himself a former Clerical Officer, but not called Smith, nomenclature discrimination (ND)?

Smith was not a very "engaging" name, he said tactfully; there might be something in it: "We have had every other kind of discrimination." Despondent Smith should perhaps follow the lead of American Jim Smiths, who have formed themselves into an association: the Jim Smith Association.

Old glow returns

A warming thought for the nostalgic: gaslight may be on the way back. Its advocates argue that it is cheaper than electricity, is more adjustable, and also helps to keep you warm. Lee Nolan, a director of IDC, the Croydon company which specialises in installing gaslighting systems, says that interest is markedly on the way up.

The Victorians found gaslight a little smelly—which is why it soon lost the fight with electricity If only the North Sea had come on stream a century ago there might have been a different story.

The return to gas has been pioneered in the past few years by some London pubs, cashing in on native romaticism and the expectations of tourists. A leading "gasman" is David Woodrow, managing director of Clifton Inns: he hs overseen the redesigning of the St. George chain of taverns, and got the idea of gaslighting from studying books on Victoriana.

Woodrow has put gas into ten pubs already and plant to do the same for at least six more in the coming year. "The effect is splendid, the customers like it, receipts have gone up," he says cheerfully. It also pleases him that gaslight is cheap, although the installation costs are higher than electricity.

Several other breweries are turning to gas for old-style taverns—which naturally gratifies Nolan, down in Croydon. What intrigues him more, however, are the many orders for private homes. "People are using gas for its decorative effect," he tells me, "They also regard it as a reserve system in case of power cuts."

Even the gas mantles are not a problem. Once made from silk, they are now produced in a viscous material, and have sold steadily over the years for camping and caravan lights. The factory turning them out is in Hammersmith and dates from Victorian times, although owned now by Valor.

Master plan

Multinational companies can be shadowy organisations, and none more so, it seems, than that leader in the office paper erace, Rank Xerox. Yesterday the annual report dropped on my desk of something called the Rank Xerox Pro Forma Group. It looks like the annual report of a company, and it even has a auditors' report by Peat Marwick Mitchell.

But on closer inspection there is no company at all. The auditors scarcely explain matters by observing that the accounts have been prepared "pursuant to Clause 5 of the Master Agreement."

"There's no such legal entity spokesman, "and we thought it's about time we explained a very complex group structure." It seems there is Rank Xerox Ltd. in Britain with A, B, C, D and E shares, Rank Xerox Holdings BV in the Netherlands, plus 50 per cent of Fuji Xeroz in Japan. Xerox Corporation has 51.2 per cent of the votes, but two-thirds of the profits.

What makes it all crystal clear is that Pro Forma Group profits are allocated in accordance with the Master Agreement with the addition of profit participation adjustments. Simple, really.

Now we know

A reader tells me that on an Inter-City train from Scotland to Euston he was startled to see a steward confiscate the private booze supply of a passenger in the bar. The passenger protested loudly, whereupon the steward turned and appealed for support to the other travellers.

"We're here to make a profit," he explained.

Observer

POLITICS TODAY

The chances of a decade of Tory power

ONE OF the more telling signs of confidence within the British Conservative camp nowadays is the readiness to make comparisons with 1951, the year in which the Tories came back to power.

The idea is not entirely new. Mr. Angus Maude, one of the guiding hands of such Conservative documents as *The Right Approach*, has long argued that over the past few years a shift of opinion has been taking place in Britain comparable to that which eventually led to the defeat of Mr. Attlee and to the acceptance of the slogan "Conservative freedom works." In the past few weeks, however, it seems to have come into the open. Leading Conservatives—Sir Geoffrey Howe, the Shadow Chancellor, for example — are now contemplating a victory of 1951 proportions.

To make any sense, the idea must also be rather more subtle than one might think. For, at the time, the 1951 general election seemed less than a Tory triumph. The party entered the campaign with a 10 per cent opinion poll lead, which in those less volatile days was much bigger than it would be considered today. Yet it ended with a net gain from Labour of only 21 seats. The News Chronicle commented on the outcome: "No one has any right to feel pleased with the result of this election. . . . We have another stalemate almost as bad as the last . . . the country has got rid of a party it does not want in favour of one it does not trust." Even the Conservatives admitted their disappointment.

It is true that the real Tory gains had already taken place in 1950. The election of 1951 was merely the final killing, though it also showed how a Labour Government that was apparently down and out could still fight back. But, in retrospect, the significance of the 1951 result was the way it enabled the Tories to build for the future. In 1955 they increased their majority, and again in 1959.

That past experience, and the readiness to talk about 1951 today, says a great deal about present Tory tactics. It is a matter of winning the intellectual argument and then consolidating the gain. The number of converts required is actually quite small. Mr. David Butler's *The British General Election of 1951* concludes that the result was decided by "a handful of former Labour supporters who now preferred to vote for the Conservative Party which also gained appreciably from the ex-Liberal vote." It could be much the same in 1979.

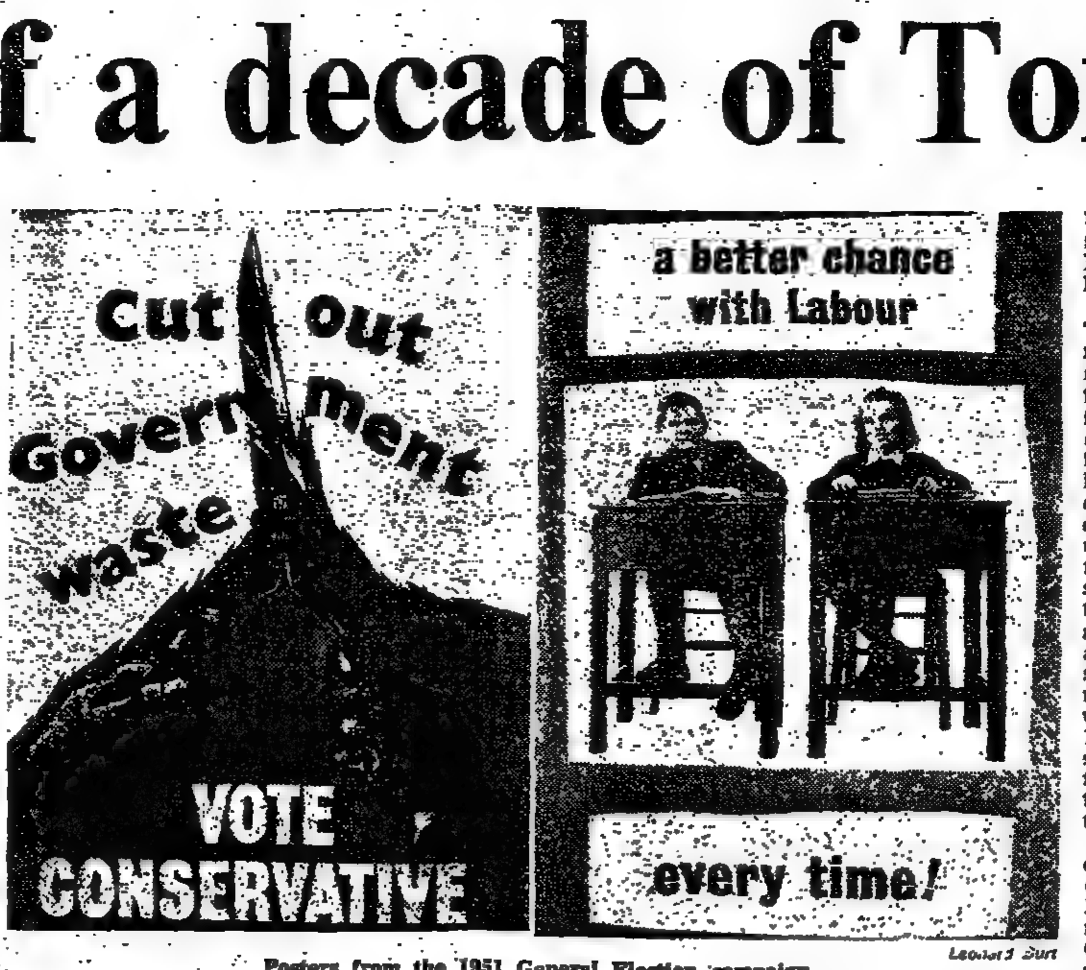
The trend

Where the Tories went from strength to strength after 1951 was in not forcing the pace. They recognised that public opinion was swinging in their favour. There was a reaction against austerity and controls and it was largely a question of capitalising on it. The movement against Labour that had begun in the schools and the universities needed time to seep through. By the time the populace was affected intellectual opinion, of course, was again swinging the other way. It takes several years for popular opinion to catch up with the trend, but then it is quite hard to move. The party that can get this right wins the prizes.

Again it is much the same today, or so the argument goes. Intellectual opinion started to swing against Labour some while back. At the popular level, opinion is against strikes, excessive government intervention, trade union power or whatever, but it does not want to be frightened by the idea of radical solutions. Therefore the task is to coax it along. Hence the new moderation of Sir Keith Joseph ("monetarism is not enough.") Hence the call for a national debate on the role of trades unions. Nothing very specific is promised, but the intention is to encourage the climate of opinion to go on moving in the Tory direction. The reaction against Labour is already there, but it needs to be carefully fostered. If that can be done, the Tories might well be in power for a decade. That, at any rate, is the theory, and presumably the point of the analogy with 1951.

There is, however, at least one flaw. Mrs. Thatcher's own support for the strategy of gradual persuasion appears to be less than consistent. Her impatience will out. When Mr. Callaghan announced the new agreement between the Government and the TUC on Wednesday it was clearly the beginning of a new chapter. It was time to shift, or at least to widen, the argument. Mrs. Thatcher went on about picketing. That was last month's debating point. It is part of the gradualist strategy to keep the issue under discussion, but not to promise immediate action. After her January triumphs, Mrs. Thatcher is coming dangerously close to the latter.

Yet there are other ways in which a comparison with 1951 is instructive today. The Tories fought on the middle ground. Then as now there was an argument about trades union legislation. The Tories had flirted with the idea, but refused to be saddled with it in the campaign. On the Government side, the Labour Party appeared to have run out of policies and was fraught with divisions, Mr. Bevan having resigned from office. But it was the performance of Mr. Attlee in the campaign which showed that when it comes down to it, it is not all that easy to remove a sitting Prime Minister. (Sir Alec Douglas-Home showed much the same thing in 1964.)



Leonard Burt

Posters from the 1951 General Election campaign

That is another lesson which the Tories should remember this week. The agreement with the trades unions is the start of the Government's fight back. Mr. Callaghan in the House of Commons on Wednesday had an air of confidence that has not been seen since before Guadeloupe. He now has something to fight for. Given a period of industrial truce, the old argument about Labour being the party better able to deal with the unions could still regain some of its force. It could be particularly effective in an election campaign when the Tories will be challenged to spell out precisely what they mean by reforming the law.

Yet there is also one overriding difference between now and the early 1950s. It is the way we have become so parochial. The political debate has become almost exclusively concentrated on narrow economic issues. It is no longer even a matter, as Harold Wilson used to say in the 1960s, of "getting the economy right" and the rest will (or might) follow. The concentration has been reduced to dealing with the trades unions.

One has only to think of the issues which are scarcely even discussed any more to see the contrast. The international outlook, for example, is considerably less stable than it has been for some time. There are doubts about President Carter's leadership of the western alliance. Vietnam has invaded Cambodia with hardly a question raised. There are the troubles in Iran, and possibly Turkey. The Camp David agreement on the Middle East may have come unstuck. Southern Africa's discord rumbles away. Yet, with the possible exception of Rhodesia, the British debate on these matters hardly exists.

In 1951 it was quite different. The world was also obviously much simpler. There could be no better illustration of that than this single sentence taken from Mr. Butler's book on the election: "The outbreak of hostilities in Korea in June 1950 led to the intensification of the cold war." No explanation is offered because none was judged necessary. No attempt is made to define the cold war, nor to say why it should have extended to Asia. It was axiomatic that a British Labour Government as much as a Tory opposition should respond by calling for rearmament—a rearmament which incidentally played a large part in the Tory economic success. Today one suspects that the resumption of hostilities in Korea would scarcely turn a British hair.

Again, Persia was actually quite prominent in the election campaign. Dr. Mossadeq, the Prime Minister, was seeking to nationalise the Anglo-Iranian Oil Company. In spite of a successful British appeal to the International Court of Justice, he ordered the withdrawal of all foreign technicians. The British Government complied only to run into a storm of protests from the Tories.

The comparison should not perhaps be pushed too far. Mr. Attlee's defence was that he was not prepared to use force to maintain the British presence, much as President Carter has taken a similar position in Iran today. Both decisions were probably right. But the real difference between then and now is in the degree of interest taken in the events. The Ayatollah Khomeini is unlikely to be much mentioned in the 1979 election, even though the consequences of what is happening could be far-reaching.

Of course, Britain in 1951 was a far greater power in the world. One welcomes the reduction of commitments. Yet there is a decline of interest in the world that has gone way beyond the decline in power. The Labour Party, in particular, is perhaps to be blamed. There are certain subjects—the future of the nuclear deterrent, for example—that cannot even be discussed this side of an election for fear of party divisions. The divisions on Europe, one begins to think, may eventually destroy the party altogether.

Wider view

But the Tories do not come out all that well either. True, they have lost two of their principal spokesmen on foreign affairs who were capable of relating developments abroad to developments at home — Mr. Maudling this week and Mr. John Davies who resigned his seat last year. Yet there ought to be others who are capable of taking a wider view. One cannot really believe that the future of Britain depends on what is done, or what is not done, about picketing.

There has been a period of industrial unrest of the kind which appeared to do no lasting harm to France in 1968. It is almost over and it is time to regard it as a nine-day wonder. Between now and the election there is still the opportunity to stand back and look at Britain as a whole. There are signs that that is what Mr. Callaghan is again beginning to do. While the odds must still be on the Tories, it might be helpful if they produce their own wider vision.

Malcolm Rutherford

Letters to the Editor

Think Tank needed for the Fourth World

From the Press Attaché, Brazilian Embassy.

Sir,—In the Financial Times of February 6, Hugh O'Shaughnessy dealt with the idea of a "Think Tank" for the Third World put forward by Mr. S. S. Ramphal, Commonwealth Secretary General.

He argues, and I think correctly, that most of the Third World countries "have pathetically few resources with which to deal with the immense task of carrying on detailed negotiations. They desperately need a Think Tank and secretariat to back up their endeavours."

An analyst of the troubled world scene of our times is tempted to adopt a cynical stance regarding the tragic economic, social and cultural gap between rich and poor countries. A 3 per cent per capita increase in the U.S., Sweden, Switzerland, Germany, means that \$200 to \$300 per year are added to the average personal income. This is more than the whole per capita income of most countries in the group now labelled the Fourth World—the differences inside the Third World having led to a rift and the possibility of dangerous political repercussions. From \$50-\$70 per capita in the poorest countries, to \$1,600-\$2,200 in the better-off developing nations the distance is more abysmal than from \$600 in underdeveloped countries to the \$6,000 of some rich nations.

In view of these facts, a cynic could say "why bother ?," the possibility of redressing this monstrosity is Utopian, a long-term proposition, perhaps too long and, as Keynes said, in the long term we shall all be dead.

There are, however, some reasons for not being cynical, the most important of which is that despair may breed blind collective frenzy, as proved in the case of Iran, for reasons not directly tied to economic injustice. Revolutions are conducted by persons who lead those in the advancing lower strata while those at the bottom lapse into turmoil out of despair. They may mix, the revolutionaries manipulating the destitute, but history shows that trouble has no predictable outcome and there is no easy remedy for fury. The word "ferocity," employed by Hugh O'Shaughnessy, in referring to the demands of the destitute, is apposite—despair breeds fury and fury is ferocious. Socially, this means the end of a civilised approach to tragic problems.

Among the 117 members of the group which started off as "The 77," there are very profound differences of scope and method. Between the efforts to incline the non-committed towards alignment with one of the two military poles, to the efforts to reject some members because they approach the developed stage, there are shades of national goals to be harmonised so that all 117 members may benefit from the common thrust towards development.

Mr. O'Shaughnessy was very alert to detect the surprising level of diplomatic cohesion and initiative of national interests so different and scattered. What bedevils the poor countries, for which even the small cost of running a diplomatic service is a drain on the national economy, is the need to participate in so many international bodies and keep track of all the issues involved in the international forum.

The article mentions that in 1977 there were over 2,000 meeting days in Geneva for UNCTAD alone. There remain ILO, WHO, GATT, etc, to consider. UNO and its branches and other international organisations offer the specialised service of technically handling specific matters, but specialisation is in itself a result of development, generating more improvement for the rich and no access for the poor. This problem has not been tackled properly—different needs were equally approached and this meant further inequality. We could delve increasingly into this and end up with "why bother ?," unless we felt that survival demands, imposes a different positive answer.

The "Think Tank" idea, with resources to face the challenge of Third World problems is a happy approach by S. Ramphal, and Hugh O'Shaughnessy is right in fostering it. The first undertaking, if the powers-to-be decide to create the "Think Tank" is choice, the deliberate choosing of the best brains from different origins and beliefs—political, economic, social—putting them together with the best professionals from all fields of knowledge plus the equipment with which to cut corners in implementing or initiating the solutions or suggestions of the "Think Tank."

The second task, and this for the "Think Tank" itself, is to go and see, instead of just dealing with symbols inside a secluded room. I would guarantee that, in the process of scrutinising the problems *in situ*, they would learn ways and means only locally accessible and see that certain cultural formats will eventually give answers that a module-patterned-way of thinking has either not discovered or grasped.

The "Think Tank" is a generous idea and has been put forward with solid backing of practical suggestions. It should be forcefully carried out. And we should help it to do so.

Ivan Pedro de Martins.
32 Green Street, W.1.

Civil service pensions

From Mr. O. M. Jubb

Sir,—It is clear to me that Mr. Squire (February 10) is either unaware of, or is indifferent to, certain facts as far as civil service pensions are concerned.

From the pay and allowances of our counterparts in commerce a civil servant's pay suffers deductions totalling 7¼ per cent (net) for pension purposes, plus a further 1½ per cent (gross) for a widows' and children's scheme. Thus, hard cash deductions total 8¾ per cent, which is equivalent to at least 13 per cent, allowing for relief of income-tax to those in commerce. Allowing for equal, complementary contributions by a private employer, notional civil service pensions accrue at a rate in excess of 25 per cent of salary.

Further, taking the pay of the average civil servant as a generous £4,000 per annum for the few who complete 40 or more years' service the pension would average £2,000 per annum plus a gratuity of £6,000. For males the pension is paid to age 65 when the N.I. pension becomes payable, but the civil service pension is then abated by an amount equal to the N.I. pension. The average inflation-proofed pension is then worth some £500 per annum (gross). Some reform after 40 years "non-contributions" pro rata to £1,000 per annum: Does Mr. Squire consider that to be a good proposition for the "non-contributor?"

A civil service pension is fine for the few at senior levels but it is really a lead balloon for the vast majority.

O. M. Jubb
*92, Evesham Road,
Cheltenham, Glos.*

Danger—men at work

From the National Officer, Association of Scientific Technical and Managerial Staffs

Sir,—Mr. D. Goolden (February 12) quotes Talleyrand in saying that "War is much too serious a thing to be left to military men" and goes on to wonder as to how this would apply to industrial relations and trade union officials. In fact, I believe he would have taken his own advice seriously and not allowed troops to be used in any industrial dispute.

Tim Webb.
10-26a, Jamestown Road, NW1.

Industrial innovation

From the Chairman, New Product Management Group

Sir,—It was pleasing to find that the authoritative Advisory Council for Applied Research and Development (ACARD) report (February 9) on industrial innovation was not polarised solely around the question of financial support and investment, important though this obviously is, but also looked at some of the broader background issues. One significant aspect is that innovations in products and processes do not just "happen" but require the correct environment if they are to succeed.

One essential component of this environment is the adequate provision of information. All too often a company attempts to improve existing products and processes without adequate awareness of developments taking place in other countries, or the rapidly changing needs of home and international markets. This is especially true of small/medium sized companies, many having valuable innovative ideas and concepts, but usually no overall innovation management policy or framework necessary to bring the idea into successful commercial realisation.

A second important matter is the general need for a sophisticated techno-commercial assessment and appreciation service to evaluate the probability of success of potential innovations, identifying those more likely to "make the grade" from the remainder of the field. This would provide likely financial backers with a little more confidence to support their otherwise rather intuitive judgment or "hunch." The National Research Development Corporation does this well but obviously only for projects submitted to it for for financial support.

I must however take issue with this report on the subject of NRDC licensing policies. In every cast I can recall UK companies were always given a first opportunity, and overseas companies were only licensed when it became clear that British companies, either directly or through their local subsidiaries or associates could not meet the market requirements. The implications of local patent legislation are also relevant in this context.

(Dr.) Basil Bard
*Management House,
Parker Street, WC2.*

Speculation in gilts

From Mr. P. Milne

Sir,—Mr. Goodison (February 13) is right to point to the unfair advantage enjoyed by the public sector, which arises from the exemption of stamp duty on fixed interest borrowing.

It might be more appropriate however to remedy the situation by simply removing this exemption. Details of the investment institutions' dealings in gilts are set out in the Central Statistical Office monthly publication Financial Statistics, from which it can be seen that the institutions turn over their gilt portfolios on a very short term basis. This provides a livelihood for an army of gilt-men but has led to a more volatile market and, arguably, higher interest rates and greater instability in our monetary system.

Stamp duty on fixed interest stocks would sharply reduce the opportunities for institutional speculation in gilts, and provide a useful source of public revenue.

On the alleged disincentive effect of stamp duty on equity issues, the evidence of CSO's Financial Statistics suggests that the doubling of stamp duty has had no effect upon the institutions' willingness to trade equities among themselves.

Peter Milne,
47 Roderick Road, NW3

The Scottish referendum

From Mr. A. Fergusson.

Sir, — Malcolm Rutherford (February 10) approached the Scottish referendum problem with a fair mind and his usual elegant writing. There are, however, some important points in his article on which issue has to be taken.

He says that "it cannot escape notice that the decline of the Scottish Nationalists coincided with the passing of the devolution legislation." Only the Labour Party in Scotland, pushing this legislation, has seriously tried to make anyone believe that—and I think nobody does. What did not escape notice is that the rise of a strong anti-devolution movement in 1977 stopped the Nationalist surge; and that the sharpest decline in SNP popularity coincided with all the embarrassment and recrimination following Scotland's performance in the World Cup.

Then he says that the best argument of the No campaign is to expose the SNP's ambitions. Yes, but to my mind exposing the Government's ambitions (and those of the STUC and a lot of other associated bodies) is hardly less compelling. And, in fact, the higher taxation, swelling bureaucracy and expanding government interference which the Act presages is what is alarming people most.

Lastly, the 40 per cent provision: the Labour Party in Scotland as well as the SNP are quite deliberately spreading the word that not to vote is as good as voting No, so that the Noes may just as well stay at home.

This is one more way—the loading of the Party Political Broadcast programme is another—whereby the Yes campaigners are attempting to minimise the aggregate No vote. Talk of a "clear majority" of Yes votes under 40 per cent is therefore not only misleading: it implies that a majority No vote is not on the cards at all — yet that is what the No campaign is going for. One may hope that if, as the Labour Party's general secretary in Scotland has told us, staying at home is as good as voting No, Parliament will in due course take her at her word, and award the percentage difference between the Yes vote and 100 per cent to the No campaign.

Adam Fergusson.
Ladyburn, Maybole, Ayrshire.

Best buy—whisky

From Mrs. M. Bird

Sir,—Referring to your Science Editor's article of February 8, official reports are understandably coy about differentiating between alcoholic drinks and their effect on alcoholism, but there seems no excuse for not revealing the facts of consumption and price.

If one looks back over the last decade, the "real" price of beer, allowing for inflation, has remained virtually constant and per capita consumption has risen by about 20 per cent. When one looks at spirits, however, the position is quite different. The "real" price has fallen by some 30 per cent and per capita consumption grown by a phenomenal 100 per cent.

Dr. Griffith Edwards is, therefore, right to indicate the obvious relation between price and consumption, but highly misleading when he says "the real price of alcohol in Britain has been going down steeply." Some has, but beer has not. This was clearly shown in Peter Riddell's article in the Financial Times of July 1, 1978. Whereas 13 minutes was needed to earn a pint of beer in both 1970 and 1977, the 360 minutes to earn a bottle of whisky in 1970 had fallen to only 200 minutes by 1977. The remedy presumably rests with the Chancellor.

Mrs. M. Bird.
*49, North Salts,
Rye, Sussex*

Pillars of society

From Mr. Y. Korach

Sir,—It's an unpalatable fact but the financial assistance so reluctantly granted to British Leyland, and hence its workforce, pales into insignificance when compared on a per capita basis with the subsidies, direct and otherwise, enjoyed by our farmers. And yet the farmers' union is one of the pillars of our society while the workers' kind at Longbridge is decidedly beyond the pale. Why should this be so?

By the way, the bigger of the two lame-ducks is scheduled, what with the phasing out of the green pound, to pre-empt even more of the national cake.

Y. Korach.
*38 Lebanon Park,
Twickenham,
Middx.*

Today's Events

GENERAL

U.K.: Chairmen of nationalised industries meet Mr. Denis Healey, Chancellor of the Exchequer, and other Cabinet Ministers for guidance on counter-inflation strategy, and salaries for board members.

Mr. Enoch Powell, MP (Ulster Unionist, Down S), speech on future of Ulster Unionists at public meeting Orange Hall, Rathfriland, Co. Down.

British Medical Association statement on new charter for general practitioners.

British Steel craftsmen hold pay talks in London.

Prince of Wales visits Lansing Bagnall (fork lift truck maker), Basingstoke.

Overseas: Mr. Harold Brown, U.S. Defence Secretary, concludes Middle East tour, will be in Cairo until February 18.

Lorraine steel workers' strike planned.

Herr Erich Honecker, chairman East German Communist Party, starts African tour.

OFFICIAL STATISTICS

Department of Employment publishes retail prices index for January.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

COMPANY RESULTS

Final dividends: Lloyds Bank, Wagon Finance Corporation. **Interim dividend:** Ramar Textiles.

COMPANY MEETINGS

Delson and Co., Edmund House, 12-22 Newhall Street, Birmingham, 11.30. North British Steel, Balbardie Steel Works, Bathgate, West Lothian, 2.30. Plaxton's (Scarborough), Royal Hotel, Scarborough, 2.30.

Armoride purchase helps B. Wardle to peak £1.52m

RECORD RESULTS are reported by Bernard Wardle and Company in the year to December 3, 1978—pre-tax profits rose 43 per cent from £1.06m to £1.52m on turnover 42 per cent higher at £26.44m (£18.64m).

Mr. D. A. Boothman, chairman, explains that the taxable profit includes 10 months' trading from the Armoride assets purchased by the group in January 1978, and £428,000 of exceptional profits resulting from the purchase of Armoride stocks "at keen prices."

After discounting these exceptional stock profits, reorganisation costs and taking into account losses in the Dutch operation of £228,000 for the year, the overall pre-tax profit for the group of £1.09m still shows a marginal increase.

At the half-way stage, reporting pre-tax profits of £561,000 (£599,000) on turnover of £13.75m (£10.92m), Mr. Boothman hoped there would be no significant deterioration in market conditions or in the national economic climate during the second six months. This, he now says, was certainly not the case.

Both turnover and profit in the second half were reduced due to a combination of continuing difficult trading circumstances, deterioration in margins and the major impact on group profitability of the nine-week strike in one of the company's major automotive customers. The effects of this are being reflected in the first quarter results for 1979, he adds.

After tax of £57,000 (£208,000), stated earnings are shown to be 75 per cent higher at 8.05p (4.59p). The net final dividend is lifted to 0.86817p (0.77p) per 10p share, making 1.41817p (1.275p).

The cost of the dividend is £254,000 (£228,000), leaving retained profits of £1.19m (£0.59m).

The company has interests in vinyl coated fabrics, P.V.C. sheeting and insulating foam, and welded and moulded components for the motor and other trades.

● comment

Stripping out profits on the stock acquired with Armoride, reorganisation costs and allowing for a £228,000 loss in Holland, pre-tax profits from Bernard Wardle are only marginally ahead at £1.09m. Given a deterioration in margins, overcapacity in the vinyl coated fabric and PVC sheeting markets and a nine-week strike at a key customer such as Ford, however, Wardle has had to run very hard just to stand still. This year the group needs to find a rapid solution to its Dutch problems, absorb the after effects of Ford's industrial disruption and face the threat of very much higher raw materials prices. On top of which, Wardle has had a "very disappointing" first quarter as a result of the snow and the transport strike. The shares climbed 1p to 35p where the recent acquisition of a 21.7 per cent stake by Birmingham and Midland Counties Trust may have some influence. Aware of present inflationary trends, the group has resisted the temptation to use the dividend cover rules to the maximum and confined itself to a 10 per cent rise where the yield is 6.2 per cent.

HIGHLIGHTS

Taylor Woodrow has lodged an £18m rights issue, but the accompanying unexciting profits forecast disappointed the market and the shares fell back 33p to 347p. Rank Organisation, another company arranging a rights issue, has produced its annual report and Lex also looks at the proposal by the ECGB to suspend insurance cover for new business with Iran. Meantime developments on the monetary front include the exhaustion of the short tap, the release of special deposits and publication of the money supply figures for January. Elsewhere Howard Machinery has come up with improved profits but extraordinary items drop the bottom line into the red and the dividend is cut. Meantime at Bernard Wardle the underlying trend in profits is unchanged.

£18m cash call from Taylor Woodrow

Shares in Taylor Woodrow, the international building and civil engineering group, dropped 33p to 347p yesterday after the company announced a disappointing profits estimate for 1978 and an £18m rights issue.

The directors estimate that pre-tax profits will be no less than £23m. Although this represents a record for the eighteenth consecutive year, it is only marginally above the previous period's £22.42m.

The proceeds from the rights issue, which will amount to £17.9m, will be used to finance worldwide turnover and property investment schemes, in particular the St. Katherine's by the Tower development. A total of 5.86m new shares are being issued on the basis of one-for-four at 315p each, payable by March 2.

The new shares will not rank for the proposed final dividend of 6.4853p, which will lift the total by 11.7 per cent to 8.4953p. For 1979 the directors intend to pay not less than 12.74p—an increase of 50 per cent.

Mr. R. G. Puttick, Taylor Woodrow's chairman, estimates that the company would spend around £17m on the St. Katherine's scheme over the next two years. The scheme includes the planned World Trade Centre of 280,000 sq ft.

He says that over the past year sterling funds, amounting to around £12m, have been used to finance work in the U.S. The proceeds of the rights issue would replace some of them.

Taylow Woodrow last asked its shareholders for cash in April, 1976. Then it raised £8.93m.

A revaluation of the group's properties has produced a surplus over book values of £26.1m. After deducting minorities, the surplus results in an increase in the consolidated reserves of £26.1m.

The directors propose to adopt the valuation in the 1978 accounts; in accordance with the company's normal accounting policy no provision will be made for any deferred tax liability on the surplus.

At January 17, 1979, the group's total indebtedness amounted to £53.7m, including £2m Unsecured loan stock. At the end of 1977 cash balances amounted to £34.9m.

The rights issue has been underwritten by Hambros Bank. Brokers are Hoare Govett.

See Lex

Mr. Richard Putick, chairman and chief executive of Taylor Woodrow with a painting of Sir Frank Taylor, who founded the group in 1921

Grand Met in strong position

IN HIS annual report, Mr. Maxwell Joseph, chairman of Grand Metropolitan, says the group is uniquely placed to take advantage of the growth of the service industries and of leisure spending generally—whatever the circumstances.

The traditional strengths of the group's subsidiaries also form an ideal base for new ideas and developments in the service industry, Mr. Joseph says.

The directors intend to continue the investment programmes to the maximum extent permitted by cash flow and gearing and, provided the Government spending and controls does not increase, the chairman is confident that the well-established progress will continue.

For the year ended September 30, 1978, profits before tax increased from £77.53m to £116m. CCA profits are reduced to £93.4m after adjustments for depreciation, £21.7m, cost of sales, £14.2m and gearing, £13.3m.

The accounts also show former directors' compensation and ex-gratia payments amounting to £214,000 (£15,000).

The chairman says the group has been able to pay maximum permitted dividends, to reduce borrowings and invest £80m in new assets to improve efficiency, develop new projects and expand operations.

The investment was wholly covered by cash from the group's own resources, leaving a cash surplus of nearly £10m for the year.

The ratio of total borrowings to shareholders' funds less goodwill has fallen to about 66 per cent and interest cover increased from 2.5 to 4.2. If 1977 is adjusted to include conversion effect, the underlying improvement based on normal trading is from 76 per cent to 68 per cent and from 3.2 to 4.2.

Meeting, The Lyceum, WC, March 8 at 11.30 am.

Hickson & Welch confident

DR. T. Harrington, the chairman of Hickson and Welch (Holdings) said at the AGM that for the first three months of the current year profits increased over the previous year, but the road haulage strike adversely affected results in January; instead of a profit of some £500,000, a loss of the same amount was incurred.

Orders from abroad, he adds, should have given sales of £2.3m for the month, but only £1.1m was obtained.

With no further setbacks he said the group should still get near to last year's interim results: "If we do this then I would expect the profits for the full year to be an improvement on 1977-78." Profits then were £8.12m.

Throgmorton Secured ahead at six months

Earnings of Throgmorton Secured Growth Trust rose from £85,523 to £112,504 in the six months to January 31, 1979, after tax of £71,849 (£48,439).

Stated earnings increased from 0.86p to 1.12p per 25p share. The net interim dividend is the same at 0.6125p again costing £61,250. Last year's total payment was 2p on earnings of £212,750. Net asset value at the halfway stage is 162.7p (173.3p).

Gross revenue stood at £360,145 (£321,273). Attributable revenue rose from £87,957 to £127,688 after revenue reserves brought forward of £15,184 (£2,434).

Greenall Whitley sales growth

FIGURES FOR the first three months of the current year at Greenall Whitley and Co. revealed good sales growth in all sectors, said Mr. Christopher Hatton, the chairman, at the AGM. He added tha the was confident, given a reasonable summer, this would be maintained.

The chairman stated that in spite of the severe weather conditions and restrictions on fuel supplies, the company had been able to maintain deliveries of all produts to its tied and free trade outlets.

INTERMID IRON AND STEEL

The liquidator is now proceeding to conclude the winding-up of Intermid Iron and Steel, but the assets of the company have produced only £1,009 and, as a result, no distribution is possible to any creditors.

Interest charge cut boosts Whittingham to £1.25m

WITH any improvement on the photographic side and interest charges nearly halved, pre-tax profits of William Whittingham (Holdings) leapt from £499,000 to £1.25m in the year ended October 31, 1978. The group is raising the total dividend from 0.99p per 12½p share to 2.01p net.

At half way, the company showed a turnround from a taxable loss of £129,000 to a surplus of £36,000. The chairman then forecast a material improvement for the full year and an increased dividend.

For the full year the group's development and property division saw a profits downturn from £1.26m to £1.09m, but the photographic side pushed up profits from £26,000 to £464,000.

Investment income rose from £181,000 to £225,000 and there were associated company losses of £3,000, against a £3,000 surplus.

The trading profit comes out at £1.77m, against £1.47m—interest, including loan stock interest, is well down from £1.02m to £530,000.

Turnover for the period went up from £14m to £15.53m.

Attributable profits are more than trebled at £1.05m, against £301,000, and stated earnings per share are well up from 4.61p per share to 18.21p.

The attributable figure was struck after a tax credit of £1,000 (£142,000 debit), an extraordinary loss this time of £101,000 and minorities of £104,000, against £6,000.

Dividends take £138,000, compared with £65,000, leaving £2.76m (£1.85m).

SSAP 12 has been adopted for depreciation. Certain figures have been restated for 1977, but these adjustments are not of any material consequence, the directors say.

Confidence at T. Cowie

Profits of T. Cowie for the first quarter of the current year are level with those of the same period of 1977-78, shareholders are told in the annual report.

Mr. T. Cowie, the chairman, says that supplies of new cars, particularly Ford, are still being restricted but he is hopeful that adequate supplies will shortly be available.

The chairman is confident that given a reasonable economic climate, the group is set for continued prosperity.

For the year ended September 30, 1978, pre-tax profits rose by more than 35 per cent to £1.9m on turnover up 41 per cent to £52m.

As a result of corporation tax relief, retained profits for the year were £1.46m after paying the maximum permitted dividend. Shareholders' funds increased to £6.62m equal to 54.9p a share.

During the year, the shares in Colmore Investments were sold with a profit of £178,000. The directors intend that the group continues to grow and will explore potential acquisitions at every opportunity.

On January 19 this year, Mercantile Credit disposed of its holding in the group with a placing of 3.36m shares.

Meeting, Sunderland, March 8 at noon.

Closure costs hit Howard Machy. and total dividend almost halved

TAXABLE profits of Howard Machinery jumped from £1.59m to £2.28m in the year to October 31, 1978. But the dividend total for the period is almost halved at 1.12p, against 2.233p net. The final dividend is down from 1.188p to 0.57p.

Despite the rise in pre-tax profits there is an attributable loss for the period of £37,000 (£686,000 profit) after extraordinary debit of £769,000. This arose from the costs of cutting back manufacturing facilities, largely by the sale of two UK plants and one in Australia.

Sales for the year are up from £70.61m to £78.46m, and the pre-tax profit is struck after losses of associated companies of £225,000 (£33,000).

Tax takes £1.45m, compared with £809,000, and minorities £101,000 (£91,000), leaving net profit up £46,000 at £732,000. Stated earnings per 25p share are up from 2.4p to 2.5p.

● comment

Howard Machinery's cash flow is clearly under strain as a result of the £0.77m reorganisation costs, which have wiped out all of last year's profits despite a 44 per cent increase pre-tax. So, to conserve resources, the company has cut the latest dividend payment by 50 per cent. This is a prudent move given that the worldwide recession in the agricultural machinery market shows no sign of abating. Howard's latest results reflect no improvement in sales volume over the previous year's disastrous levels but trading margins are somewhat better, thanks to some radical pruning of overheads. Apart from the closure of the UK and Australian plants, the company has cut its capital expenditure programme and reduced its workforce by a quarter. On the trading front, Howard's new grape harvester appears to be gaining market share, especially in France. At home, the only star performer last year was J. Mann, thanks mainly to good harvester sales. At 31p the shares yield 5.5 per cent while the p/e is 12.2—a rating which clearly anticipates some further recovery in profits.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Guildhall Property ...int.	0.6	—	0.6	—	2.69
Howard Machy.	0.57	April 2	1.19	1.12	2.23
London & Lomond	1.8	April 5	1.7	2.8	2.4
Nolton ....int.	0.27	April 17	0.27	—	2
Reliance Knitwear ...int.	1.54†	April 6	1.4	—	3.21
River & Mercantile	6	March 30	5.12	9.5	8.12
River Plate & Gen.	5.25	March 30	4.75	7	6.25
Romney Trust	2.2	March 26	1.85	3	2.65
Bernard Wardle	0.87	—	0.77	1.42	1.28
Whittingham	2.01	April 27	0.99	2.01	0.99

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

INVESTMENT TRUSTS

GOVETT EUROPEAN TRUST—Total income half year ended December 31, 1978, £489,438 (£542,108). Expenses and interest £176,883 (£107,149). Tax £154,000 (£220,000). Available £168,555 (£214,957). Net assets £17.73m (£17.62m at June 30, 1978) equivalent to 88.7p (88.1p) per 25p share after investment currency premium of 14.6p (13.5p). Chairman estimates, while final available income figure will be lower than previous year as forecast, dividend rate can be maintained. Fall in half-year income due to further investment of liquid funds into equities, and uneven incidence of interest payments and receipts.

LONDON AND LOMOND INVESTMENT TRUST—Net revenue for 1978 £575,762 (£478,899) after all charges, including £324,316 (£295,273) tax. Net final dividend 1.8p (1.7p), making 2.8p (2.4p). Earnings per 25p share 3.05p (2.53p).

RIVER AND MERCANTILE TRUST—Gross revenue £2.35m (£2.09m) for 1978. Tax £654,722 (£617,788). Net revenue £1.3m (£1.12m). Earnings per 25p share 10.38p (8.86p). Net asset value 226.45p (222.87p). Net final dividend 6p (5.125p), making 9.5p (8.125p).

RIVER PLATE AND GENERAL INVESTMENT TRUST—Net revenue for 1978 £600,567 (£531,310) after £296,889 (£298,556) tax. Net final dividend 5.25p (4.75p), making 7p (6.25p). Earnings per 25p share 7.56p (6.68p). Net asset value 202.92p (188.03p).

ROMNEY TRUST—Net revenue for 1978 £894,448 (£839,689) after all charges including £499,695 (£530,767) tax. Surplus revenue of £23,968 (£68,109) transferred to reserve. Net final dividend 2.2p (1.85p) per 25p share, making 3p (2.65p). Net asset value 122.1p (115.8p) after deducting dollar premium relating to shortfalls on foreign currency bank advance and U.S. dollar bank overdraft. Assuming full conversion of convertible loan stock, 120p (114p). Since year-end, company has purchased for cancellation £1.35m nominal of its convertible loan stock, leaving £1.48m nominal in issue.

WITAN INVESTMENT—Net income for nine months to January 31, 1979, £1,847,264 (£1,546,720). Earnings per 25p share 2.16p (1.81p).

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Rank to expand further despite UK uncertainty

DUE TO progress already made and the continuing improvements intended for existing operations, the **Rank Organisation** can now seek more actively further areas of expansion, says Mr. Harry Smith, the chairman, in his annual statement.

He believes these will come through the group's management strength in Europe, Australia and North America and will take advantage of its skills in several advanced areas for technology and its wide experience of leisure activities.

However, the immediate outlook must be viewed against a background of considerable industrial unrest in the UK, he says.

But he believes the group is well placed to take advantage of the opportunities that are certain to present themselves in the future.

Pre-tax profits for the year ended October 31, 1978 fell from a record £124.81m to £123.03m on turnover of £485.1m (£442.67m). Adjusting for inflation would have reduced the trading profit from £40.27m to £34.4m and pre-tax profit to £99.7m.

The dividend is the maximum permitted 8.97743p (8.036122p) and in the context of the recent rights issue, a total of 10.7p for the current year has been forecast subject to Treasury consent.

The rights issue proceeds of about £62.3m would be applied to further development of group business and the reduction in borrowings.

Exchange controls and other consents are still being sought for Rank City Wall Canada to raise another C$70m or the U.S. equivalent, by the issue of variable rate redeemable preferred shares principally to cut short-term borrowings in North America.

The Rank Organisation's share of the profits of the Rank Xerox companies fell from £105.3m, which was achieved with the benefit of major currency gains, to £97.9m, Mr. Smith adds.

Further progress has also been made in matching overseas borrowings with assets through an Australian dollar bond issue of $12m and the repayment of 7.5m Kuwaiti Dinars.

The group's overseas assets and borrowings are not yet fully matched and the net result of the translation of foreign currencies for the group gives a shortfall of £3.4m which has been debited to reserves, compared with a debit of £13m the previous year.

The acquisition of Leisure Caravan Parks should not only extend Rank's holiday and leisure activities but also provide further opportunities for expansion in the UK and abroad, the chairman says.

Mainly through these disposals, the retention of profits and the improvement in the value of sterling against the U.S. dollar, debt as a percentage of shareholders' funds, including minorities and deferred tax, fell from 74.7 per cent to 60.8 per cent.

Future group capital expenditure in 1978 fell from £19.88m to £17.73m with commitments up from £3.97m to £7.13m and expenditure authorised but not contracted down from £15.9m, to £10.6m.

Meeting, the Royal Lancaster Hotel, W., March 13 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Cableform, Ramar Textiles.
Finals:—Arcolectic, Lloyds Bank, Wagon Finance.

FUTURE DATES

Interims:—		
Campari International	Feb.	26
Finals:—		
Baynes (Charles)	Feb.	26
Cardinal Investment Trust	Feb.	22
Carliol Investment Trust	Feb.	23
Change Wares	Feb.	28
English & Scottish Investors	Feb.	19
Ford (Martin)	Feb.	20
Foreign and Colonial Invest.	Feb.	21
Meldrum Investment Trust	Feb.	20
Olives Paper Mill	Feb.	22
Tyneside Investment Trust	Feb.	23
Watmoughs	March	20
Weber Holdings	Feb.	21

Reliance Knitwear downturn

REPORTING TAXABLE profits down from £391,000 to £350,000 for the six months to October 31, 1978, the directors of Reliance Knitwear Group warn that trading in the early months of 1979 is being affected by national industrial disputes.

They say it is impossible to predict accurately the full year outcome, although they are very confident of the group's long term prospects.

For the April, 1978 full year, profits reached a record £825,000.

Half-yearly turnover rose from £7.46m to £7.64m, but available profits fell £85,000 to £264,000 after increased tax of £56,000 (£42,000) and a £30,000 extraordinary debit this time.

The extraordinary charge arises from closure costs not fully provided for in the group's 1977-78 accounts.

On capital increased by last September's rights issue, the net interim dividend is lifted from 1.4p to 1.54p per 20p share, costing £113,000 (£82,000), and the directors expect to raise the current year total by 10 per cent—in 1977-78 payments amounted to 3.21p.

English Property

English Property Corporation announces that holders of £236,646 6½ per cent convertible unsecured loan stock 1998-2003 exercised their rights to convert their respective holdings into 553,752 ordinary shares on February 7, leaving £3,299,711 of the stock outstanding.

As a result of these conversions, the company will have in issue 96,088,542 ordinary shares (excluding 450,000 shares relating to executives' share incentive scheme which do not at present carry any voting or dividend rights).

Nolton ahead to £93,000

ON turnover up from £1.51m to £2.15m taxable profits of **Nolton**, the investment holding company, rose from £68,379 to £93,086 for the half year to October 31, 1978.

The profits figure included £12,918 (£13,237) from the sale of investment properties.

Tax takes £16,000 (nil).

The interim dividend is pegged at 0.27p net per 25p share, and stated earnings per share are ahead from 1.34p to 2.24p. Last year's total payment was 2p.

Mr. P. S. Dixon, the chairman, says while the financial services division has traded quietly, the other divisions have all achieved better results than last year.

On the property side, the Elmhurst Court development has been completed. Delay with planning permission has held up work on the new site at Headley Down, but a profits contribution in the current year is still expected from it.

The industrial division has continued its recovery, says Mr. Dixon. Carr and Day and Martin continue to show substantial profit growth: Nolton Communications has a strong order book and market reaction to "Nova," the new radio telephone, is particularly encouraging.

The chairman adds that after a slow start Office Appointments traded strongly and the expansion programme is proving justified. The performance of Nolton Money Brokers has continued to improve, but there has been a small profit drop in the financial services division because Parkville Finance has not enjoyed the same market conditions as last year.

Mr. Dixon says he believes the full year results will demonstrate that his confidence in the company is well founded.

General Consd. dividend up by 13%

Gross revenue of General Consolidated Investment Trust rose from £1.4m to £1.58m in the year to December 31 1978.

Earnings per 25p share are up from 3.93p to 4.46p on available revenue of £827,153, against £726,802. The final net dividend of 2.95p lifts the total by 13.3 per cent from 3.75p to 4.25p. This is an increase of 88.9 per cent over the rate paid four years ago.

Pre-tax revenue comes out at £1.3m, compared with £1.17m. Tax takes £463,138 against £431,776.

Town & City Properties LIMITED

Unaudited interim results for the half year ended 28th September 1978

Year ended 24.3.78 £'000		Half Year ended 28.9.78 £'000	Half Year ended 28.9.77 £'000
35,197	Gross income from property	17,543	16,400
5,320	Net income from property	1,788	2,139
4,719	Income from other sources	2,159	1,349
10,039		3,947	3,488
(27,358)	Less: Interest payable less receivable	(11,605)	(14,457)
(17,319)	LOSS before taxation	(7,658)	(10,969)
6,303	Less: Taxation relief	3,481	1,079
(11,016)		(4,177)	(9,890)
(31)	Minority interests	3	40
(4,356)	Realised capital profits/(losses)	3,824	(1,880)
4,356	Transferred to capital reserve	(3,824)	1,880
3,543	Amount transferred from capital reserve in respect of development properties on which development has commenced	—	2,266
(7,504)	Shortfall of distributable income for period	(4,174)	(7,584)

NOTES:

1. Realised capital profits less losses and capital charges (after taxation) are made up as follows:—

	£'000
Surplus of sale proceeds over original cost of property, less capital gains tax	10,068
Excess of cost of acquisition over book value of net tangible assets of subsidiaries written off in respect of sales	(5,600)
Net capital losses	(644)
	3,824

Note: The above surplus on sale of properties has no regard to valuation surpluses in previous years amounting to £10,514,000 which were included in capital reserve and have been written off.

2. The taxation relief included above is £3,500,000 (Period to 28.9.77 £1,200,000) and is limited by reference to the amount of offsettable chargeable capital gains. Significant losses remain available to be carried forward against future revenue profits.
3. Taking account of the position of the Group's present development programme it has been decided to discontinue making a transfer from capital reserve in respect of net outgoings of development properties.

No dividend is recommended for the period of 28th September, 1978.
Since the preliminary announcement last August a further £20 million of property has been sold with a book value of £16½ million. This brings the total of sales since 25.3.78 to £47 million with a book value of £39½ million.

ZAMBIA COPPER INVESTMENTS LIMITED

(Incorporated in Bermuda)

REPORT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1978 COVERING MINING COMPANY OPERATIONS FOR QUARTER ENDED 30TH SEPTEMBER, 1978

ESTIMATED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 1978

	Six months ended 31.12.78 U.S.$000's	Six months ended 31.12.77 U.S.$000's	Year ended 30.6.78 U.S.$000's
Dividend income	4	4	6
Interest income and other revenue, less provision (Note 1)	1 029	1 065	2 030
Profit on redemption of loans	54	105	82
Profit arising from currency fluctuations	4	395	121
	1 091	1 569	2 239
Deduct:			
Administration expenses	438	393	920
Interest payable	—	—	3
	438	393	923
Profit before taxation and extraordinary item	653	1 176	1 316
Foreign taxation	315	286	577
Profit before extraordinary item (Note 2)	338	890	739
Extraordinary item	—	(515)	(21 534)
Profit (loss) after extraordinary item	338	375	(20 795)
Transfer from share premium	—	—	20 167
	338	375	(628)
Unappropriated profit brought forward	493	1 121	1 121
Unappropriated profit	831	1 496	493
Appropriations:			
Dividend	Nil	Nil	Nil
Unappropriated profit carried forward	831	1 496	493
	831	1 496	493

Notes:

1. Interest receivable for the period is shown gross of withholding taxes, the tax deducted being included in the charge for foreign taxation.
2. Profit before extraordinary item includes U.S.$393 000 (30th June, 1978—U.S.$801 000) of "non-remittable" income, being that portion of income not available for distribution mainly because of exchange control regulations in force in the countries of source of such income.
3. No provision for a possible decline in the value of investments has been considered in the estimated consolidated results for the half-year, as it is the Company's practice to review the book value of investments at the end of each financial year.

ZCI has a 39 997 per cent interest in NCCM and a 12.25 per cent interest in RCM. The latest available results for the current financial years of those companies are as follows:—

NCCM	Quarter ended 30.9.78	Six months ended 30.9.78
Production (metric tons)		
Finished copper	94 146	190 843
Lead and zinc*	17 251	33 017
Sales (metric tons)		
Copper	84 071	172 152
Lead and zinc*	13 559	29 180
Average copper proceeds (per metric ton)	K1 062	K1 028
Sales revenue—all metals	K104.0m	K205.2m
Net profit (loss) after taxation	K4.243m	(K9.356m)
Ordinary dividends	Nil	Nil

*Broken Hill Division

RCM	Quarter ended 30.9.78
Finished copper produced (metric tons)	77 797
Copper sales (metric tons)	70 866
Average proceeds—(per metric ton)	K1 080
Sales revenue—all metals	K78.975
Net profit after taxation	K9.779m
Dividends	Nil

By Order of the Board
Z. J. de Beer, G. W. H. Reilly — Directors

Pembroke, Bermuda

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15th February, 1979

BIDS and DEALS

Monopolies probe into possible Averys bid

THE proposed take-over of Averys, the weighing machine manufacturer, by the General Electric Company has been referred to the Monopolies Commission, it was announced yesterday.

The referral will delay GEC's chances of making the acquisition, and possibly prevent it altogether.

The Monopolies Commission is required to report on the effect of a take-over within six months.

So far, GEC has not made a formal take-over offer. It has only announced that it was interested *in exploring the possibility* of links between the two companies, which could lead to a take-over offer of £83m.

After a series of discussions between the two companies, the Averys board said it could see no advantage in a merger. GEC has made no further statement in spite of coming under considerable *pressure to say* whether it intended to make a bid.

Yesterday, GEC would make no comment on the announcement that the Monopolies Commission was to become involved. *Mr. Richard Hale, chairman of* Averys, said he welcomed the referral.

Trade union representatives and management at Averys have combined to mount a vigorous political campaign against a take-over. *It has involved the* briefing of MPs and a special lobby of Parliament. The opposition to a merger within the company was the subject of an adjournment debate in the House of Commons last week.

GEC was interested in buying Averys to integrate its weighing machines into a complete *retail and business computer* system which it would like to develop. GEC also believes it can help to apply new electronic and communications technologies to the more traditional office and retail equipment products.

Averys, on the other hand, says it is capable of applying electronic technology to its products through its own development efforts, and it fears that it might be cut off from some of its wider markets if it became a GEC subsidiary.

WESTERN TRUST AND SAVINGS SALE TOPS £10M

Royal Bank of Canada is to *acquire the holding company of* Western Trust and Savings, which is owned by the Philadelphia National Corporation and the Arbuthnot Latham group, for a price in excess of £10.5m.

*Established in 1935, Plymouth-*based Western Trust and Savings has some 100,000 customers, current loan balances of £54m and deposits from the public of £40m.

The acquisition is subject to *contract and regulatory approval.*

OLYMPIA AND YORK/EPC

Olympia and York, the Canadian property group talking to *English Property Corporation* about a possible counter-bid against that from the Dutch Wereldhave group, continues to buy shares in the market at just above Wereldhave's 46p offer.

On Tuesday it purchased *250,000 shares at 46⅞p and 1m at* 46⅞p. The previous week it had acquired 3¼m shares for around 47p.

AUDIOTRONIC

Mr. Geoffrey Rose, who has been involved in the affairs of three British public companies, *has sold 500,000 12 per cent pre-*ference share in one of them—Audiotronic Holdings.

The sale, at just over 12p per share, was worth £60,000. It follows soon after the announcement last month that he had *bought 237,565 ordinary shares* in the same company. The cost of the ordinary shares was similar to the amount realised by the subsequent sale of preference shares.

Mr. Rose was unavailable for comment yesterday. He had *previously indicated that high yield-*ing securities were not attractive to him because of the heavy rate of taxation on his income.

A director of J. E. Sanger, the meat trader, has resigned for "personal reasons." According to the company the length of journey that he had to make as a commuter to the group's offices *in Croydon, was an underlying* reason.

To the Board comes Mr. H. M. Newton-Clare, a former chairman of Scot Bowyers, the meat pies group.

AB ELECTRONIC TO CUT BORROWINGS

The proposed subscription by CTS for 450,000 new ordinary shares at 165p per share in A B Electronic Products Group will realise a net £723,000. This will be used to reduce borrowings of £2.51m at February 2, and to expand manufacturing facilities.

CTS, an Indian-based electronics group is to raise its holding in AB from 10.5 per cent to 21.1 per cent of the enlarged capital. Licensing agreements between the two groups which go back 14 years, will be extended by five years to 1990.

Results at AB for the half year to December 31 will be published next month and are said to be "satisfactory." Pre-tax profits for *the half year of 1977 fell from* £381,000 to £155,000.

HAWKER SIDDELEY

On February 14, S. G. Warburg, as an associate of Hawker *Siddeley Group, bought on behalf* of a discretionary investment client, 25,000 ordinary shares of 25p of Hawker at 207p.

Whitbread buys control of American distiller

BY OUR CONSUMER AFFAIRS CORRESPONDENT

Whitbread has bought a controlling interest in the Highland Distillers Corporation of California on behalf of its Scotch whisky subsidiary, Long John *International.*

Highland Distillers owns Scoresby Rare, a fast-growing brand of Scotch whisky for which Long John International supplies the blended whisky from its distilleries in Scotland.

Whitbread said that the acquisition had three objectives. These were to secure supply to an important whisky customer, thus giving Long John a significant brand of Scotch in the U.S., and also providing an *investment* opportunity in line with Whitbread's policy of overseas diversification.

Scoresby Rare, which sells some 400,000 cases a year, is the leading brand of Scotch whisky *in California and some other* West Coast States.

Mr. Ian Coombs, managing director of Long John, said yesterday: "We believe that the brand has great potential and this move, particularly from the export point of view, *will prove* to be a very important development in our business."

SHARE STAKES

F. Pratt Engineering Corporation: W. G. Friggens, director, sold 24,000 shares on February 9.

Watsham's: Atlas Electric and *General Trust on February 8* acquired 20,550 shares increasing holding to 240,000 shares (10.3 per cent).

Derritron: Amalgamated Industrials Holdings bought on February 9 a further 25,000 shares making holding 10,129,206 shares (84.6 per cent).

M. F. North: Company has been *advised* that Khalid Al Marzook and Associates have disposed of their 21.84 per cent holding in the company.

George H. Scholes: Britannic Assurance on February 7 was interested *in 435,000 ordinary* shares in company (10.15 per cent).

EXPANDED METAL TAKEOVERS

Expanded Metal, the steel stockholder and manufacturer of *expanded metal, is buying Press* Bat Holdings and Bat Lintels and Section. The consideration is £4m cash, and the issue of 1m ordinary shares of Expanded Metal. Last night the group's shares were up 1p at 70p.

P.B.H. and Bat Lintels and Sections manufacture metal products for the building industry. *Their main factories are at Tel-*ford, Shropshire, with subsidiary operations in Holland, France, Belgium West Germany and Denmark.

At June 30 1978, for P.B.H. and September 30, for Bat Lintels, the two companies showed total net assets of £2.16m.

Their aggregate net profits for their respeective financial years was £742249 before deducting an £80,000 augmentation payment.

For their respective current years, taxable profits of both companies are forecast to be not lett than a combined £900,000.

CROUCH GROUP

Crouch Group, the construction and development concern, has made its first office property acquisition outside the UK, by the purchase for U.S.$4.1m of a 110,000 sq. ft. building in Lower *Manhattan, New York.*

Following modernisation, which is now taking place, the building is expected when *fully* let to produce a gross rental income of some $1.3m per annum with substantial capital growth.

Negotiations are already well in hand for the letting of *40,000 sq. ft. to* a large U.S. insurance group and it is anticipated that the building will be fully let and income producing by the end of 1979. Substantial reversions should occur in 1981.

NELSON DAVID ACQUISITION

Nelson David, motor dealer, has acquired all the share capital of Rex Neate, a private company which operates a Renault dealership near Southampton. Consideration, equal to net asset value at January 31, of £7,280, is payable in cash.

Results for 1978 are expected *to show a nominal profit or* possibly a small loss.

WALTER LAWRENCE

Following *its sale last October* of two investment properties, Walter Lawrence has used the total net proceeds of £1.6m to reduce short-term bank overdrafts and loans, which amounted to £5m at June 30, 1978.

WILMOT BREEDEN

As joint brokers to Wilmot Breeden, *Capel-Cure Myers* on February 14 (as an early bargain dealt after 3.30 pm on February 13, bought 1,230 shares at 78½p on behalf of a discretionary investment client.

The listing of Wilmot Breeden shares was restored yesterday morning.

HELICAL BAR

Hall Engineering Group has purchased a further 214,417 25p ordinary shares in Helical Bar, *bringing its total holding to* 334,417 shares. This represents 11.52 per cent of the capital.

These shares were purchased from Abingworth which retains 214,418 shares, representing 7.38 per cent of the capital.

New move in Customagic bid

Six months after announcing that its 21p *offer for Customagic* Manufacturing was to go unconditional with support from 55.8 *per cent of* the shares, Mooloya Investments has come back with a chance for the *minority* to get 3p extra.

This time the offer, to sell in the market no later than the end of February, is recommended by Sir Cecil Burney, the chairman, and Mr. Michael Ashcroft, deputy chairman, and largest remaining shareholder. Sir Cecil proposes to stay on as chairman until payment is made to the shareholders.

He will be accepting the cash offer on behalf of his own shares.

Mr. Ashcroft, on the other hand, through his company Michael A. Ashcroft, has agreed to accept a new 15 per cent one-year debenture from Mooloya instead of the cash for his 1.15m shares.

The cash offer to the remaining 18 per cent is to be under*written by a private consortium* which will also accept the new loan stock and will subscribe for further amounts of it at par.

Mr. Ashcroft's agreement permits him to buy the stock at £96 per cent. Half of it will be repayable at par in August and the balance next February.

The entire offer is still conditional upon approval by the Takeover Panel which last year censured Mooloya and its advisers *for* offering special incentives to certain shareholders during the original offer. As a result the offer was increased by 1p to 21p.

This time the panel has asked for assurances from Mooloya and its advisers, stockbrokers Schaverien, that the loan stock offer to Mr. Ashcroft is not more valuable than the cash offer to other shareholders.

The company is confident it will be able to give these assurances.

The offer is also unusual in that the panel normally looks *askance at bidding companies* buying extra shares in the market at a higher price after an offer has gone unconditional but while it is still open.

Mooloya's first offer is technically still in *this* position, but the panel has permitted the company to stand in the market at a higher price because the general objection was held to apply only for a month or two after a bid, and not six months later as in the present case.

JOHNSON-RICHARDS

Armitage Shanks, the bathroom fittings groups, has given support to H. and R. Johnson-Richards Tiles, the ceramic group which is resisting a £32m takeover approach from Norcros.

Armitage reaffirmed its recommendation yesterday to shareholders that they should accept the merger plans of Johnson-Richards and Armitage Shanks.

Mr. Shanks warned yesterday that if the Norcros deal went through, it could frustrate tentative proposals for a joint export drive which his company might be able to mount with Johnson-Richards once the two companies had combined.

INVESTMENT TRUST COMPANIES

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Total Assets less current liabilities (1) £million	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	Net Asset Value after deducting prior charges: at market value (7)	Investment Currency Premium (see note g) (8)
				Pence except where £ stated (see note d)			
	VALUATION MONTHLY						
157.2	Alliance Trust	Ordinary 25p	31/1/79	7.1	293.0	301.7	37.1
†	Anglo American Securities Corpn.	Ordinary 25p	15/1/79	†	†	†	†
132.4	British Investment Trust	Ordinary 25p	31/1/79	4.85	199.7	203.2	26.5
†	Capital & National Trust	Ord. & "B" Ord. 25p	31/1/79	†	†	†	†
11.2	Claverhouse Investment Trust	Ordinary 50p	31/1/79	4.4	112.1	112.1	0.2
11.4	Crossfriars Trust	Ordinary 25p	31/1/79	3.7	114.1	114.1	—
16.7	Dundee & London Investment Trust	Ordinary 25p	31/1/79	2.6	90.5	92.1	7.1
92.1	Edinburgh Investment Trust	£1 Deferred	31/1/79	6.75	291.3	306.7	23.9
†	First Scottish American Trust	Ordinary 25p	1/2/79	†	†	†	†
12.5	Grange Trust	Ord. Stock 25p	31/1/79	2.4	109.6	114.0	7.5
71.6	Great Northern Investment Trust	Ordinary 25p	31/1/79	4.5	139.9	142.6	11.8
60.9	Guardian Investment Trust	Ordinary 25p	31/1/79	2.9	112.1	116.8	10.1
29.8	Hume Holdings Ltd.	"A" & "B" Ord. 25p	7/2/79	*6.875	x88.3	x92.0	x2.8
85.3	Investors Capital Trust	Ordinary 25p	31/1/79	2.0	108.4	114.2	17.3
25.3	Jardine Japan Investment Trust	Ordinary 25p	31/1/79	0.85	223.1	223.1	65.8
37.8	London & Holyrood Trust	Ordinary 25p	31/1/79	3.6	164.2	168.0	21.7
28.5	London & Montrose Investment Tst.	Ordinary 25p	31/1/79	5.9	267.1	271.4	36.7
50.2	London & Provincial Trust	Ordinary 25p	31/1/79	3.4	156.1	158.7	21.4
114.9	Mercantile Investment Trust	Ordinary 25p	31/1/79	1.25	x57.7	62.1	4.4
	Do. Do.	Conv. Debs. 1993	31/1/79	£4.50	£87.50	£93.10	£5.60
28.1	North Atlantic Securities Corpn.	Ordinary 25p	31/1/79	3.07	127.6	130.9	18.8
54.7	Northern American Trust	Ordinary 25p	31/1/79	3.05	137.9	141.2	20.5
7.5	Save & Prosper Linked Invest. Trust	Capital Shares	31/1/79	—	158.1	158.1	—
130.6	Scottish Investment Trust	Ordinary 25p	31/1/79	3.0	137.3	141.3	17.5
58.8	Scottish Northern Investment Trust	Ordinary 25p	31/1/79	3.36	138.2	146.7	13.1
111.8	Scottish United Investors	Ordinary 25p	31/1/79	1.875	104.8	108.2	17.4
51.9	Second Alliance Trust	Ordinary 25p	31/1/79	6.3	250.9	259.5	32.1
3.9	Shires Investment Co.	Ordinary 50p	31/1/79	9.7336	154.0	154.0	—
42.9	Sterling Trust	Ordinary 25p	31/1/79	6.3	244.0	250.9	30.9
30.0	Technology Investment Trust	Ordinary 25p	31/1/79	2.6	149.5	150.8	18.7
78.6	United British Securities	Ordinary 25p	31/1/79	4.44	175.5	176.9	20.5
22.4	United States & General	Ordinary 25p	31/1/79	6.83	265.7	271.9	32.8
88.3	United States Debenture Corpn.	Ord. Stock 25p	31/1/79	3.52	121.1	125.5	14.9
	Do. Do.	Conv. Loan 1993	31/1/79	£5.00	£133.20	£138.00	£16.40
	Baillie Gifford & Co.						
126.8	Scottish Mortgage & Trust	Ordinary 25p	31/1/79	3.3	150.6	153.1	17.3
63.0	Monks Investment Trust	Ordinary 25p	31/1/79	1.6	68.3	69.0	7.4
16.3	Winterbottom Trust	Ordinary 25p	31/1/79	5.6	271.0	284.5	36.2
	Baring Bros. & Co. Ltd.						
42.1	Outwich Investment Trust	Ordinary 25p	2/2/79	1.625	71.9	75.8	6.8
24.8	Tribune Investment Trust	Ordinary 25p	23/1/79	1.7	93.7	93.9	13.9
	City Financial Administration Ltd.						
19.0	"Investing in Success" Equities	Ordinary 25p	16/1/79	2.904	248.7	250.4	29.4
	East of Scotland Invest. Managers						
45.0	Aberdeen Trust	Ord. Stock 25p	31/1/79	ac3.567	ac124.7	ac131.2	ac10.8
	Edinburgh Fund Managers Ltd.						
†	American Trust	Ord. & "B" Ord. 25p	31/1/79	†	†	†	†
21.0	Crescent Japan Investment Trust	Ordinary 50p	31/1/79	1.3	257.1	257.1	55.9
13.1	General Scottish Trust	Ordinary 25p	31/1/79	3.35	118.7	121.0	10.8
	Do. Do.	Conv. Loan 1995/2000	31/1/79	£5.50	£150.80	£153.70	£13.70
8.8	Wemyss Investment Co.	Ordinary £1	31/1/79	12.5	388.9	388.9	51.0
	Electra Group Services Ltd.						
75.8	Electra Investment Trust	Ordinary 25p	31/1/79	5.6	147.5	147.5	10.2
278.6	Globe Investment Trust	Ordinary 25p	31/1/79	5.5	159.7	159.9	12.7
†	Temple Bar Investment Trust	Ordinary 25p	31/1/79	4.75	†	†	†
	F. & C. Group						
‡21.1	Alliance Investment Co.	Ordinary 25p	31/1/79	3.0	152.8	157.3	17.6
†	Cardinal Investment Trust	Deferred 25p	31/1/79	†	†	†	†
	Do. Do.	Conv. Loan 1985/87	31/1/79	†	†	†	†
‡7.6	F. & C. Eurotrust	Ordinary 25p	31/1/79	1.0	73.2	73.2	14.7
†	Foreign & Colonial Invest. Trust	Ordinary 25p	31/1/79	†	†	†	†
†	General Investors & Trustees	Ordinary 25p	31/1/79	†	†	†	†
	James Finlay Inv. Management Ltd.						
1.8	Provincial Cities Trust	Ordinary 25p	31/1/79	1.48	37.0	37.0	—
	Gartmore Investment Ltd.						
7.0	Altifund Ltd.	Income 50p	31/1/79	6.3	102.5	102.5	7.2
	Do. Do.	Capital 50p	31/1/79	0.415	284.6	284.6	7.2
26.1	Anglo-Scottish Investment Trust	Ordinary 25p	31/1/79	1.8	63.6	65.8	6.2
28.3	English & Scottish Investors	Ord. & "B" Ord. 25p	31/1/79	*2.45	101.8	107.6	6.2
7.7	Group Investors	Ordinary 25p	31/1/79	1.9	91.1	94.8	9.6
5.3	London & Gartmore Invest. Trust	Ordinary 50p	31/1/79	§1.0	94.3	99.4	16.1
11.3	London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	31/1/79	*ac1.667	74.2	76.8	8.8
23.4	London & Lomond Invest. Trust	Ordinary 25p	31/1/79	2.7	107.2	109.7	9.5
11.1	London & Strathclyde Trust	Ordinary 25p	31/1/79	1.6	59.2	63.0	7.0
12.3	Meldrum Investment Trust	Ordinary 25p	31/1/79	1.85	60.9	60.9	0.4
	Gartmore Invest. (Scotland) Ltd.						
74.1	Scottish National Trust	Ordinary 25p	31/1/79	3.9	205.1	208.8	27.6
18.1	Glasgow Stockholders Trust	Ordinary 25p	31/1/79	2.4	142.2	146.4	20.0
	John Govett & Co. Ltd.						
‡88.9	Border & Southern Stckhldrs. Tst.	Ordinary 10p	31/1/79	1.7	86.2	87.7	10.4
39.0	Debenture Corporation	Ordinary 25p	31/1/79	2.75	91.8	93.8	6.7
13.3	General Stockholders Inv. Trust	Ordinary 12½p	31/1/79	2.3	162.8	174.8	26.8
22.0	Govett European Trust	Ordinary 25p	31/1/79	1.8	90.0	90.0	18.3
64.9	Lake View Investment Trust	Ordinary 25p	31/1/79	2.4	134.3	138.4	16.6
	Do. Do.	Conv. Loan 1973/98	31/1/79	£4.00	£179.10	£184.50	£22.20
67.6	Stockholders Investment Trust	Ordinary 25p	31/1/79	2.35	140.0	145.0	20.6
	G.T. Management Ltd.						
‡19.7	Berry Trust	Ordinary 25p	31/1/79	1.0625	96.8	96.8	10.5
	Do. Do.	Conv. Loan 1993	31/1/79	£4.25	£140.40	£140.40	£15.20
‡22.5	G.T. Japan Investment Trust	Ordinary 25p	31/1/79	2.0	226.7	226.7	25.0
	Do. Do.	Conv. Loan 1987	31/1/79	£8.50	£140.50	£140.50	£15.50
‡7.6	Northern Securities Trust	Ordinary 25p	31/1/79	3.46	172.0	177.8	18.1
	Hambros Group						
25.2	Bishopsgate Trust	Ordinary 25p	31/1/79	6.25	356.1	275.3	21.1
	Hambros Group (continued)						
4.3	City of Oxford Investment Trust	Ordinary 25p	31/1/79	3.3	92.7	96.4	—
49.4	Hambros Investment Trust	Ordinary 25p	31/1/79	3.75	144.6	155.3	16.7
†	Rosedimond Investment Trust	Cap. Shares 25p	31/1/79	†	†	†	†
	Henderson Administration						
‡152.3	Witan Investment	Ord. & "B" Ord. 25p	31/1/79	*2.5	130.8	136.0	17.7
[illegible]	Electric & General Investment	Ordinary 25p	31/1/79	§1.7	110.6	111.8	16.3
7.3	Greenfriar Investment	Ordinary 25p	31/1/79	1.65	137.8	137.8	19.0
6.7	Lowland Investment	Ordinary 25p	31/1/79	2.5	71.9	71.9	2.8
‡2.3	English National Investment	Prefd. Ord. 25p	31/1/79	1.93	35.1	36.1	—
	Do. Do.	Defd. Ord. 25p	31/1/79	2.82	65.2	68.3	—
	Philip Hill (Management) Ltd.						
31.2	City & International Trust	Ordinary 25p	31/1/79	4.7	135.5	140.5	9.5
11.5	General & Commercial Inv. Trust	Ordinary 25p	31/1/79	5.62	183.5	193.5	11.3
24.0	General Consolidated Inv. Trust	Ordinary 25p	31/1/79	4.25	113.7	116.6	6.8
133.3	Philip Hill Investment Trust	Ordinary 25p	31/1/79	7.9	240.4	244.3	8.5
5.7	Moorgate Investment Co.	Ordinary 25p	31/1/79	3.82	112.0	114.6	2.0
39.1	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	31/1/79	2.92	91.7	94.7	9.0
	Industrial & Commercial Fin. Corpn.						
11.3	London Atlantic	Ordinary 25p	31/1/79	3.5	93.6	95.0	3.5
7.2	North British Canadian	Ordinary 25p	31/1/79	2.95	93.6	93.6	0.6
	Ivory & Sime Limited						
50.2	Atlantic Assets Trust	Ordinary 25p	31/1/79	0.4	158.3	166.0	33.2
115.2	British Assets Trust	Ordinary 25p	31/1/79	2.6	99.6	105.3	16.8
38.6	Edinburgh American Assets Trust	Ordinary 25p	31/1/79	1.2	162.2	165.2	38.6
14.7	Viking Resources Trust	Ordinary 25p	31/1/79	1.1	127.6	127.6	17.7
	Keyser Ullmann Ltd.						
11.2	Throgmorton Secured Growth Tst.	£1 Cap. Loan Stock	31/1/79	—	—	162.7	—
47.1	Throgmorton Trust	Ordinary 25p	31/1/79	4.575	102.3	104.3	—
	Kleinwort Benson Ltd.						
28.6	British American & General Trust	Ordinary 25p	31/1/79	1.85	55.0	56.2	3.8
22.9	Brunner Investment Trust	Ordinary 25p	31/1/79	4.0	137.3	140.0	12.4
33.2	Charter Trust & Agency	Ordinary 25p	31/1/79	2.45	76.4	78.7	7.2
43.8	English & New York Trust	Ordinary 25p	31/1/79	3.0	102.6	104.3	9.9
4.8	Family Investment Trust	Ordinary 25p	31/1/79	†	109.2	109.2	0.2
3.2	Jos Holdings	Ordinary 25p	31/1/79	2.375	65.0	65.0	3.2
6.8	London Prudential Invest. Trust	Ordinary 25p	31/1/79	3.1	107.7	110.5	8.1
53.2	Merchants Trust	Ordinary 25p	31/1/79	†	96.9	100.4	11.3
	Lazard Bros. & Co. Ltd.						
‡53.0	Raeburn Investment Trust	Ordinary 25p	31/1/79	4.05	174.9	181.5	21.5
‡40.9	Romney Trust	Ordinary 25p	31/1/79	†	127.1	129.7	16.1
	Martin Currie & Co., C.A.						
11.1	Canadian & Foreign Invest. Trust	Ordinary 25p	31/1/79	3.85	155.8	159.6	19.8
20.3	St. Andrew Trust	Ordinary 25p	31/1/79	4.9	163.8	167.9	18.5
†	Scottish Eastern Investment Trust	Ordinary 25p	31/1/79	†	†	†	†
35.9	Scottish Ontario Investment Co.	Ordinary 25p	31/1/79	2.175	91.2	92.5	14.1
58.9	Securities Trust of Scotland	Ordinary 25p	31/1/79	6.85	242.3	262.2	33.5
	Murray Johnstone Ltd.						
48.7	Caledonian Trust	Ord. & "B" Ord. 25p	31/1/79	*1.85	111.2	114.9	19.9
73.3	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	31/1/79	*1.9	ac106.4	ac109.2	ac19.3
18.0	Glendevon Investment Trust	Ord. & "B" Ord. 25p	31/1/79	*1.85	135.1	138.9	24.2
7.4	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	31/1/79	*1.95	110.9	110.9	18.4
81.7	Scottish Western Investment	Ord. & "B" Ord. 25p	31/1/79	*2.55	132.2	137.5	23.4
26.6	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	31/1/79	*2.0	120.8	124.5	22.1
	Schroder Wagg Group						
22.4	Ashdown Investment Trust	Ordinary 25p	31/1/79	4.8	191.6	198.3	25.7
	Do. Do.	Conv. Loan 1988/93	31/1/79	£4.75	£134.10	£138.80	£18.00
7.9	Australian & International Trust	Ordinary 50p	31/1/79	3.0	132.1	132.1	26.9
31.4	Broadstone Investment Trust	Ordinary 20p	31/1/79	5.7	207.5	215.6	29.6
	Do. Do.	Conv. Loan 1988/93	31/1/79	£4.50	£138.40	£143.70	£19.80
49.7	Continental & Industrial Trust	Ordinary 25p	31/1/79	6.4	264.2	275.0	18.5
31.8	Trans-Oceanic Trust	Ordinary 25p	31/1/79	5.5	244.7	251.2	36.5
	Do. Do.	Conv. Loan 1988/93	31/1/79	£4.50	£152.90	£157.00	£22.80
14.2	Westpool Investment Trust	Ordinary 25p	31/1/79	3.3	148.2	151.7	20.7
	Do. Do.	Conv. Loan 1989/94	31/1/79	£5.00	£133.40	£136.50	£18.70
	Stewart Fund Managers Ltd.						
75.5	Scottish American Investment Co.	Ordinary 50p	31/1/79	2.95	112.2	113.3	9.2
15.7	Scottish European Investment Co.	Ordinary 25p	31/1/79	1.5	59.2	59.2	6.6
	Touche Remnant & Co.						
111.4	Atlas Electric & General Trust	Ordinary 25p	31/1/79	1.9	88.1	91.2	6.1
32.6	Bankers' Investment Trust	Ordinary 25p	31/1/79	2.55	77.1	81.9	5.7
32.8	Cedar Investment Trust	Ordinary 25p	31/1/79	2.76	93.3	95.8	7.3
41.8	City of London Brewery	Deferred 25p	31/1/79	2.76	80.1	84.4	1.5
31.5	Continental Union Trust	Ordinary 25p	31/1/79	3.5	166.9	172.8	18.9
16.4	C.L.R.P. Investment Trust	Ordinary 25p	31/1/79	2.1	97.6	102.2	8.7
187.3	Industrial & General Trust	Ordinary 25p	31/1/79	1.75	76.4	78.7	6.5
42.1	International Investment Trust	Ordinary 25p	31/1/79	2.62	106.5	112.0	7.7
55.8	Sphere Investment Trust	Ordinary 25p	31/1/79	3.3	164.8	169.6	14.4
68.2	Trustees Corporation	Ordinary 25p	31/1/79	4.85	204.7	210.6	12.7
37.7	Trust Union	Ordinary 25p	31/1/79	3.4	152.3	156.3	10.6
	Williams & Glyn's Bank Ltd.						
‡14.5	Sizewell European Invest. Trust	Ordinary 10p	31/1/79	1.8	110.3	110.3	12.1
2.9	Atlanta Baltimore & Chicago	Ordinary 10p	31/1/79	0.75	66.3	66.3	5.8
3.5	West Coast & Texas Regional	Ordinary 10p	31/1/79	0.75	83.0	83.0	9.3
	VALUATION THREE-MONTHLY						
2.6	Cumulus Investment Trust	Ordinary 25p	31/1/79	0.82	42.7	44.7	4.3
11.9	Safeguard Industrial Invest.	Ordinary 25p	29/12/78	4.0	101.7	103.5	—
	Carliol/Tyneside Group						
†	Carliol Investment Trust	Ordinary 25p	31/1/79	†	†	†	†
	Do. Do.	Conv. Loan 1994/99	31/1/79	£4.50	†	†	†
†	Tyneside Investment Trust	Ordinary 25p	31/1/79	†	†	†	†
	Do. Do.	Conv. Loan 1994/99	31/1/79	£4.50	†	†	†
	East of Scotland Invest. Managers						
11.3	Dominion & General Trust	Ordinary 25p	30/11/78	8.5	245.3	255.6	21.2
28.6	Pentland Investment Trust	Ordinary 25p	30/11/78	4.05	151.1	155.6	14.4

* Applies to Ordinary "A" Ordinary only. † Company will announce year-end or interim results shortly. ‡ Change in the prior charges since the previous published figure. § Includes special dividend. ac Adjusted for scrip issue. ar Adjusted for rights issue. x See note (h) below. Φ Not directly comparable with previous published figure. B Dependent on "B" share conversions.

Notes:—

(a) Cols. 1, 6, 7 Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

(b) Cols. 1, 6, 7 All revenue account items are excluded.

(c) Cols. 1, 6, 7 No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated; columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for Cols. 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

AITC

A free booklet "Investing in Investment Trust Companies" is available from The Association of Investment Trust Companies, Park House (6th Floor), Finsbury Circus, London EC2M 7JJ

UK COMPANY NEWS

MINING NEWS

Stenhouse stands by Caledonian price

BY RAY PERMAN, SCOTTISH CORRESPONDENT

Directors of Stenhouse Holdings yesterday stood by the figure at which they sold the company's industrial subsidiary, Caledonian Holdings, and said that despite the subsequent higher bids, they still do not believe they could have got a better price.

Caledonian, which has interests in Do-It-Yourself shops, engineering and jewellery, was offered for sale last month at £5.94m and almost immediately attracted a bid worth £8.4m from London and Midland Industrials. A second bid worth £11m has since been made by Comet Radiovision Services.

Mr. John Stenhouse, chairman of Stenhouse, told the annual meeting that the decision should be judged by the circumstances at the time of the sale, rather than by hindsight.

Stenhouse Holdings had repeatedly made it clear over three years that it wanted to sell its industrial interests, and had considered several offers. None of them was from either LMI or Comet.

He said that comment from the Press and brokers at the time of the offer for sale and the initial reaction of the market confirmed that the offer price was pitched at the right level.

After the meeting, Mr. William Wilson, a director and president of Stenhouse's Canadian associate, Reed Stenhouse, said that he had checked with a number of underwriters since the offer and they had all confirmed that they would not have underwritten Caledonian at any more than the offer price of 65p.

Assam Investments

In their interim report the directors of Assam Investments say the indications are that results for first 12 months of the present 18 month accounting period ending June 30 1979 will not be unsatisfactory. But with nearly 50 per cent of the 1978 crop unsold they feel it is not practicable to make a realistic profit estimate.

The directors therefore consider it prudent to continue the practice of not declaring an interim dividend. In the year 1977 the pre-tax profit amounted to £3.74m and a single 7p dividend was paid.

Members are told that negotiations are continuing with the Indian tax authorities in an attempt to resolve the subject of tax on secretarial remuneration.

Guildhall on course for £0.8m

WITH PRE-TAX profits ahead from £296,920 to £378,550 for the six months to December 31, 1978, the directors of Guildhall Property Co. are reaffirming their forecast for a full year figure of around £800,000, compared with the previous year's peak of £632,228.

Net income for the period amounted to £454,220 compared with £371,720, but was subject to interest, management expenses and depreciation totalling £75,670 (£74,800).

Tax takes £192,600 (£149,900) and after preference dividends, attributable profits advanced from £141,560 to £180,490.

The interim dividend is kept at 0.6p net per 25p share, costing £36,600 (same)—last year's final was 2.09p.

The company has "close" status.

BAT spending some £242m

FOR THE current year the directors of BAT Industries have authorised capital expenditure of some £242m, £97m of which contracts have been placed for, it is stated in the group's annual review.

Projects included are a further extension of the manufacturing capacity at Macon, U.S., and Uberlandia, Brazil; the continuing substantial investment in primary and secondary production facilities in cigarette factories in Germany, and the modernisation and expansion of the Liverpool and Southampton cigarette factories.

Also included is the development of five new stores and the renovation of two existing stores for Saks Fifth Avenue in the U.S., and development of 34 new large branches for International Stores in various parts of the UK, of which 15 are over 25,000 sq ft.

Another project on the directors' list is the expansion, by Wiggins Teape, of Idem carbonless copying paper production capacity in South Wales and Kent.

Last year the group spent £156m (£137m) of which some £75m was spent in the tobacco division and £56m in retail; geographically some £50m was spent in the UK and £43m in the U.S.

As reported on January 31, a second half upturn of £22m to £223m left the group with taxable profits of £433m for the September 30, 1978, year against a previous £416m. Turnover was ahead from £6.2bn to £6.7bn and the dividend is stepped up to the maximum 14.52p (13.01p) per share. Also declared is a 4.84p (4.4p) interim for the current year.

Mr. Peter Macadam, the chairman, says he will comment on prospects for the 1978-79 year at the group's AGM in March. On the personnel side of the business he says BAT's has a good foundation on which to build for the future.

Meeting, St. Johns, Smith Square, S.W., March 15 at noon.

'Pru' Pensions growth

A VERY successful year in 1978 is reported by Prudential Pensions, a member of the Prudential Asurance Group with revenue premium up 100 per cent on the year.

The company, which offered investment management services to pension schemes through the medium of managed funds, received a considerable boost from the introduction last April of the new State pension scheme.

Premium income being produced at the end of 1978 suramounted to £70m from 178 clients compared with £35m from 118 schemes at the previous year-end.

Total funds under management expanded 70 per cent from £226m to £384m. The Equity fund rose from £75m to £138m, the Property fund from £97m to £143m and the Fixed-interest fund from £54m to £103m.

Although the original purpose of the company was to enable existing clients with Prudential to switch their insured pension schemes with the company to a managed fund basis, it is now actively offering its investment management to all pension schemes.

Mr. Tim Richards, actuary and manager, was pleased to report that of the 60 new clients which joined in 1978, 33 came from outside the Prudential Group.

Where clients have been the Pru complete discretion as to the mix of investments, the company is recommending 42½ per cent in equities, 27½ per cent in property and 30 per cent in fixed interest compared with 40 per cent, 35 per cent and 25 per cent respectively a year ago.

Midwest Lake increases uranium reserves

BY KENNETH MARSTON, MINING EDITOR

RECOVERABLE reserves at the high grade Midwest Lake uranium deposit in northern Saskatchewan are now estimated at 97m lbs of uranium oxide and the ore also contains nickel, cobalt and silver values.

Meanwhile, drilling continues and the results obtained to date "should still be considered preliminary," according to Canada's Bow Valley Industries. Production is expected to start in 1984 and studies continue of the proposed mining techniques.

The big project is led by Esso Minerals whose partners include Bow Valley (with a 20 per cent stake) and Numac Oil and Gas, reports John Soganich from Toronto in his latest round-up of Canadian mining news.

He continues that Western Mines, the Branscan-controlled base and precious metals producer on Vancouver Island, is another mining concern to have enjoyed a buoyant fourth quarter. Total 1978 earnings have advanced to C$4.2m (£1.76m), or 79 cents per share, from C$976,000 in 1977.

The good performance reflects a combination of better metal prices and ore grades, higher revenue following the reduced value of the Canadian dollar and improved smelter contract terms.

Mine exploration and development programmes will be increased significantly this year "as every effort will be made to reverse the trend of declining ore reserves." Western plans to participate in C$5.7m of exploration of which its share will be C$3.1m.

Of this, more than one-third will be for uranium, including an expanded programme on the Dubawnt properties in the Northwest Territories. The UK Central Electricity Generating Board has participated under a joint venture agreement to the extent of 30 per cent.

Japan warns Australia on export mineral prices

THE Australian Government's policy of intervention in foreign iron and coal price negotiation yesterday brought a veiled threat from Japan's chief resources negotiator, Mr. Saburo Tanabe, over further trade between the two countries, reports our Sydney correspondent.

Mr. Tanabe, who is executive vice-president of the powerful Nippon Steel Corporation said that iron ore and coal should be traded on a supply and demand basis. "If for some reason Australia stops supplying Japan and we had no other source of supply then we would be in a very serious position. But now the situation is a buyer's market and if Australia stops supplying us we would switch to other places."

He said the sharp price rises which occurred after the last oil crisis would not recur and the Japanese steel industry, though on its way to recovery, was still too fragile in its financial base to absorb large production cost increases. He forecast an oversupply or iron ore and coking coal for the next few years.

New South Wales coal miners have just had to accept lower contract price rises than originally sought and the same fate seems to await Western Australian iron-ore miners currently in Tokyo for a round of price negotiations.

Mr. Tanabe is in Australia to attend the first Australian Mining symposium being held this week in Sydney. In his prepared speech he continued his criticism of the Australian Deputy Prime Minister and Minister for Trade, Mr. Doug Anthony's intention to intervene in private iron-ore and coking coal transactions.

"I fear that such an attitude will only have the effect of hardening the relationship between Australian suppliers and the Japanese steel industry and might even incur serious distrust and concern in the Japanese steel industry about the wisdom of its heavy dependence on Australian sources," he said.

MINORCO

MINERALS AND RESOURCES CORPORATION LIMITED

(Incorporated in Bermuda)

Report for the Half-year ended 31st December 1978

The following are the unaudited results of Minerals and Resources Corporation Limited (Minorco) and its subsidiaries for the half-year ended 31st December, 1978, together with the comparative figures for the half-year ended 31st December, 1977, and the year ended 30th June, 1978. These should be read in conjunction with the adjoining notes:

	Half-year ended 31.12.78 U.S.$000s	Half-year ended 31.12.77 U.S.$000s	Year ended 30.6.78 U.S.$000s
Income (note 1)			
Dividends from investments	8,799	7,795	15,115
Interest and net sundry income	843	1,115	2,422
Income (loss) from Zamic operations (note 4)	(202)	353	1,339
Net gain (loss) arising from currency fluctuations	(167)	1,289	1,452
	9,273	10,552	20,328
Deduct			
Administration and other expenses	588	598	1,308
Interest on 6 per cent registered loan stock	—	128	244
Other interest	123	6	9
Costs of prospecting	1,279	1,103	2,436
Loss on redemption of bonds	—	—	7
	1,990	1,835	4,004
Profit before taxation and extraordinary items	7,283	8,717	16,324
Foreign taxation (note 1)	426	411	1,179
Profit before extraordinary items	6,857	8,306	15,145
Extraordinary items — surplus (deficit)	291	(303)	(1,576)
	7,148	8,003	13,569
Add:			
Transfers from (to) reserves			
Capital reserve	—	(207)	(566)
Prospecting reserve	—	3,210	3,210
	—	3,003	2,644
	7,148	11,006	16,213
Unappropriated profit brought forward	39,280	21,588	32,255
Adjustment thereto arising from currency fluctuations	105	(486)	(359)
	39,385	21,102	31,896
Unappropriated profit	46,533	32,108	48,109
Appropriation			
Dividends:			
No. 84 of 4 cents per share declared 14th February, 1979	2,943	2,943	8,829
Unappropriated profit carried forward	43,590	29,165	39,280
	46,533	32,108	48,109

Notes:

1. **Investment Income**
Investment income comprises dividends and interest receivable for the period, gross of withholding taxes, the tax deducted being included in the charge for foreign taxation. Dividends receivable are accrued to the last day for registration in respect of the dividend concerned.
2. **Inspiration Consolidated Copper Company (ICC)**
In June, 1978, Minorco and Hudson Bay Mining and Smelting Co., Limited (Hudbay), through newly-created, jointly-owned United States based companies, increased their joint holding from 39 per cent to 73 per cent as a result of a tender offer of U.S.$33 per share for all the shares of ICC not already owned by them. On 1st January, 1979, one of the United States companies was merged with and into ICC with the result that the remaining 27 per cent of ICC shares were converted into new class "A" preferred shares, on the basis of one new preferred share for each common share held. The preferred stock, which will be entitled to a cumulative annual dividend of U.S.$1.80 per share, is redeemable at U.S.$33 per share at the option of the holder until 31st December, 1981, and thereafter at the option of Minorco and Hudbay.
3. It is the intention, at the financial year end, both to adopt the equity method of accounting in accordance with the revised requirements of the Canadian Institute of Chartered Accountants and to deconsolidate the results of Zamic because of the significant restrictions in the transfer of that company's funds.
4. **Zamanglo Industrial Corporation Limited (Zamic)**
The loss of U.S.$202,000 comprises a loss of U.S.$265,000 (30th June, 1978: profit of U.S.$600,000) on the operations of the property and agricultural divisions, less investment income of U.S.$63,000 (30th June, 1978: U.S.$739,000).
5. No provision for a possible decline in the value of investments has been considered in the estimated consolidated results for the half-year, as it is the Corporation's practice to review the book value of investments at the end of each financial year.

INTERIM DIVIDEND No. 84

An interim dividend of 4 cents (United States currency) a share in respect of the year ending 30th June, 1979, has been declared payable to members registered in the books of the Corporation at the close of business on 2nd March, 1979, and to persons presenting coupon No. 87 detached from share warrants to bearer. A notice regarding payment of dividends on coupon No. 87 detached from share warrants to bearer will be published in the Press by the London Secretaries of the Corporation on or about 23rd February, 1979.

Dividend warrants will be posted from the registered office of the Corporation in Bermuda and from the Johannesburg and United Kingdom offices of the local registrars on or about 29th March, 1979. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 20th March, 1979, of the United States dollar value of their dividends (less appropriate taxes).

The dividend is payable subject to conditions which can be inspected at the registered office of the Corporation and also at the Johannesburg and United Kingdom offices of the local registrars.

By order of the Board
W. D. Wilson } Directors
G. W. H. Relly }

Registered Office:
Belvedere Building, Pitts Bay Road, Pembroke (P.O. Box 650 Hamilton 5) Bermuda.
S.A. Registrars:
Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001.
(P.O. Box 61051 Marshalltown 2107.)
U.K. Registrars:
Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

15th February, 1979.

APPOINTMENTS

International Investment Adviser

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- CRITICAL REQUIREMENTS are – a good Honours degree; a post-graduate qualification in economics, business studies, accountancy, or as an actuary; a willingness to travel extensively; relevant experience in the public or private sectors of banking or investment.
- SALARY is for discussion in five figures. Preferred age, 30-35.

Write in complete confidence
to Sir Peter Youens as adviser to the Institution.

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We have appointed FENTON, SCHWABE & ASSOCIATES LTD. as our advisers in the U.K. Please send complete details of qualifications (certificates and references) stating the main field of your professional experience, plus CV and a recent photograph to Mr. W. O. Schwabe, c/o Fenton, Schwabe and Associates Ltd., 47a, London Road, Sevenoaks, Kent. Tel. 0732/58391. Do not hesitate to contact Mr. Schwabe if you have any questions concerning this position.

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COMPANY NOTICES

Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (SONATRACH)

U.S.$50,000,000

FLOATING RATE SERIAL NOTES DUE 1991

In accordance with the provisions of the Agency Agreement between SONATRACH and Citibank, N.A. dated 15th February, 1979, notice is hereby given that the Rate of Interest has been fixed, for the initial six-month period, at 12⅝%, and the Coupon Amount payable 15th August, 1979 against Coupon No. 1 will be US$619.05 and that such amount has been computed on the actual number of days elapsed (181) divided by 360.

By: CITIBANK, N.A., LONDON
Agent Bank

February 16, 1979.

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1977-1983
U.S.$30,000,000 FLOATING RATES

Bondholders are hereby informed that coupon No. 3 of above loan will be payable as from August 13, 1979 at a price of U.S.$57.82 per coupon, representing 181-360th of an interest of 11½% per annum and covering the period from February 13, 1979 to August 12, 1979 inclusive.

THE FISCAL AGENT
CREDIT LYONNAIS
LUXEMBOURG

G. E. KENT & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Books of the Company will be closed from 19th to 23rd March 1979, both dates inclusive.

By Order of the Board.
E. A. NEWMAN,
Director and Secretary.

24, Old Bond Street,
London W1X 4AA.
12th February 1979.

IMPERIAL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the Ordinary Shares of 25p each of Imperial Group Limited will be closed for one day only on 6th March, 1979, and that warrants in respect of the final dividend for the year ended 31st October, 1978, will be posted on 29th March, 1979, for payment on 2nd April, 1979, to Ordinary Shareholders on the Register at the close of business on 5th March, 1979.

By Order.
P. M. DAVIES,
Group Secretary.
London

16th February, 1979

LEGAL NOTICES

No. 00353 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ARMOUR EDGWORTH LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company was on the 1st day of February 1979, presented to the said Court by TOM VICTOR STEDMAN and PAMELA MARY STEDMAN, of Rose Cottage, Hockley, Twyford, Nr. Winchester, Hampshire and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, on Monday, the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an order on the said Petition may appear at the time of the hearing in person or by his Solicitor or Counsel for that purpose, and a copy of the Petition will be furnished by the undersigned to any Creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MALKIN CULLIS & SUMPTION
of John Carpenter House,
John Carpenter Street,
London EC4Y 0AT,
London Agents for
Lamport Bassitt & Hiscock,
of 46, The Avenue,
Southampton,
Solicitors for the Petitioner.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of Friday, 2nd March, 1979.

IN THE MATTER OF
HAPER PLASTICS LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 6th day of March, 1979, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Leonard Cyril Curtis FCA of 3/4 Bentinck Street, London W1M 3BA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally, or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 6th day of February, 1979.

L. C. CURTIS, FCA,
Liquidator.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matters of:

No. 00471 of 1979
CANTERFORD LIMITED
No. 00472 of 1979
EANHURST LIMITED
No. 00473 of 1979
GEMINI RESTAURANT LIMITED
No. 00474 of 1979
GLORIHEATH LIMITED
No. 00475 of 1979
PRESSGLEN LIMITED
No. 00476 of 1979
RANSOM GALLERY LIMITED
No. 00477 of 1979
SPARLAIR LIMITED
No. 00478 of 1979
TELLINGCROFT LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that Petitions for the Winding-up of the above-named Companies by the High Court of Justice was on the 12th day of February 1979 presented to the said Court by THE MAYOR AND BURGESSES OF THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA of the Town Hall, Hornton Street, London, W.8, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 19th day of March 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person, or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

A. ELLERY,
Borough Solicitor,
Town Hall,
Hornton Street,
London, W8 7NX.
Ref: WGM/LT/FG/21.
Tel: 01-937 5464 Ext. 238.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of March 1979.

LEGAL NOTICES

No. 00305 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of M. S. BUILDING CONSULTANCY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 30th day of January 1979, presented to the said Court by ELLIS & EVERARD (BUILDING SUPPLIES) LIMITED whose registered office is situate at 140 New Walk, Leicester, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SHARPE PRITCHARD & CO.,
109, Kingsway, London,
WC2B 6PZ.
Ref. 14RR.
Agents for:
Wright Hassall & Co.,
19, Clarendon Place,
Leamington Spa.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of March 1979.

No. 00362 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court in the Matter of A. L. L. INSULATIONS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 2nd day of February, 1979, presented to the said Court by BROOK STREET BUREAU OF MAYFAIR LIMITED whose registered office is situate at 47 Davies Street, London, W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 5th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

LOVELL SON & PITFIELD,
5, Verulam Buildings,
Gray's Inn, London WC1R 5LP.
Agents for:
Warner Goodman & Co.,
21 Hampshire Terrace,
Portsmouth, Hants.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 2nd day of March 1979.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 00374 of 1979
PETERIC TRANSPORT SERVICES LIMITED
No. 00375 of 1979
NORTH LONDON FINANCE COMPANY LIMITED
No. 00379 of 1979
AERIAL DEMOLITION LIMITED
No. 00380 of 1979
FRANK WARWICK (INVESTMENTS) LIMITED
No. 00382 of 1979
HARREVIT CONSTRUCTION LIMITED

and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding up of the above-named Companies by the High Court of Justice were on the 5th day of February 1979, presented to the said Court by THE COMMISSIONERS OF INLAND REVENUE, of Somerset House, Strand, London WC2R 1LB, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 12th day of March 1979, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished to any Creditor or Contributory of any of the said Companies requiring the same by the undersigned on payment of the regulated charge for the same.

ERIC MOSES,
Solicitor of Inland Revenue,
Somerset House, Strand,
London WC2R 1LB.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 9th day of March 1979.

No. 00491 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court.

In the Matter of ALEXANDER "HAIR FORMATION" LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 13th day of February 1979, presented to the said Court by THE MAYOR AND BURGESSES OF THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA of the Town Hall, Hornton Street, London, W.8, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 19th day of March 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

A. ELLERY,
Borough Solicitor,
Town Hall,
Hornton Street,
LONDON W8 7NX.
Ref: WGM/LT/FG/21/163.
Tel: 01-937 5464 Ext. 238.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of March 1979.

IN THE MATTER OF
G. F. WARREN LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of March, 1979, to send in their Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

PHILIP MONJACK, FCA,
of 3/4 Bentinck Street,
London W1A 3BA

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 5th day of February, 1979.

P. MONJACK, FCA, Liquidator

CURRENCIES, MONEY and GOLD

Dollar eases in thin trading

The dollar lost ground in thin trading in the foreign exchange market yesterday. It traded within a range of DM 1.8470 to DM 1.8565 against the D-mark, and closed at DM 1.8525, compared with DM 1.8580 on Wednesday. Movements against the Swiss franc were between SwFr 1.6650 and SwFr 1.6745, before closing at SwFr 1.6650, compared with SwFr 1.6750 previously. The Japanese yen traded between Y199.90 and Y200.90, and closed at Y200.10, compared with Y200.25 on Wednesday. Comments by Mr. Michael Blumenthal, U.S. Treasury Secretary, suggesting that oil prices should go up to help promote energy conservation, helped the dollar very slightly in an otherwise thin market.

Sterling's trade-weighted depreciation eased to 63.6 from 63.7, and stood at 63.6 at noon and in early trading.

The pound opened at $2.0075-$2.0085, its highest level of the day, and fell to $1.9985-1.9995, before closing at $2.0035-2.0045, a fall of 10 points on the day.

PARIS — The dollar closed below its highest level of the day against major European currencies, reflecting sales by U.S. operators in the latter part of the day. Earlier gains by the dollar were attributed to intervention by the Bundesbank and the Swiss National Bank, following reports that Abu Dhabi and Qatar had decided to raise the price of oil. The Swiss franc, German D-mark, and sterling also improved against the French franc.

FRANKFURT — The Bundesbank bought $8.15m at the fixing, with the dollar at DM 1.8525, compared with DM 1.8565 previously.

TORONTO—The U.S. dollar improved yesterday, and was quoted at 83.71½ U.S. cents, compared with 83.85½ cents per Canadian dollar previously.

AMSTERDAM—The dollar fell to Fl 2.0045 at the fixing from Fl 2.0085.

MILAN—The dollar weakened against the lira at the fixing from the previous day's close, but was slightly firmer than morning interbank rates. Trading volume was low, with the dollar fixed at L839.45, compared with L840.25 the previous day, and L838.40 during the morning. The Japanese yen and sterling declined slightly against the lira, while the D-mark rose to L453.06 from L452.25. The Swiss franc and Dutch guilder also improved against the lira.

TOKYO—The dollar fell in moderate trading, closing at Y200.25, compared with Y200.72½ on Wednesday. It moved in a narrow range between Y199.90 and Y200.55 in the absence of any significant news. The dollar opened at Y200 and traded around Y200.40 and Y200.50 for most of the afternoon, but eased towards the finish following its decline in London and New York. The Bank of Japan, which intervened to support the yen on Wednesday, stayed out of the market yesterday.

THE POUND SPOT — FORWARD AGAINST £

Feb. 15	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9985-2.0085	2.0035-2.0045	0.52-0.42c pm	2.81	1.37-1.27c pm	2.65
Canadian $	11¼	2.3885-2.3945	2.3925-2.3935	0.60-0.50c pm	2.76	1.78-1.68c pm	2.75
Guilder	6½	4.00-4.03	4.00½-4.01½	2½-1½ c pm	5.98	7¼-6¼ c pm	6.73
Belgian F	6	58.35-58.65	58.40-58.50	30-20 c pm	5.13	80-70 c pm	5.13
Danish K	8	10.27½-10.30½	10.28½-10.29½	1¼ore pm-¼ dis	0.58	2¼-1¼ore pm	2.04
D mark	3	3.70-3.73	3.71-3.72	3⅝-2⅝ pf pm	9.29	9¼-8¼ pf pm	11.02
Port. Esc.	18	94.60-95.30	94.95-95.25	30-100 c dis	−8.17	20-200 c dis	−5.03
Span. Pes.	8	138.20-138.50	138.35-138.45	20c pm-30c dis	−0.43	25c pm-75c dis	−0.72
Lira	10½	1,678½-1,682½	1,679½-1,680½	1 lire pm-1 dis	par	3½-1½ lire pm	0.6
Nrwgn. K.	7	10.18-10.21	10.18½-10.19½	4¼-2¼ ore pm	3.83	13-11 ore pm	4.71
French Fr.	9½	8.52½-8.58½	8.54½-8.55½	4-3 c pm	4.91	12½-11½ c pm	5.50
Swedish Kr	6½	8.71-8.75	8.73-8.74	4-2 ore pm	4.18	11½-9½ ore pm	4.82
Yen	3½	397-407	401-403	3.10-2.80c pm	8.81	9.55-9.25 c pm	9.36
AustriaSch	3¾	27.10-27.25	27.15-27.20	22-12 gro pm	7.50	62-52 gro pm	8.39
Swiss Fr.	1	3.33-3.36	3.33½-3.34½	3¾-2¾ c pm	12.13	11¼-10¼ c pm	12.88

Belgium rate is for convertible francs. Financial franc 59.35-59.45.

Six-month forward dollar 2.45-2.35c pm; 12-month 4.70-4.60c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9985-2.0085	2.0035-2.0045	0.52-0.42c pm	2.81	1.37-1.27c pm	2.63
Ireland	1.9985-2.0085	2.0035-2.0045	0.52-0.42c pm	2.81	1.37-1.27c pm	2.63
Canada†	83.66-83.82	83.70-83.73	0.30c dis-par	−0.21	0.2c dis-0.1c pm	−0.24
Nethlnd.	2.0006-2.0058	2.0020-2.0040	0.63-0.58c pm	3.63	2.22-2.17c pm	3.99
Belgium	29.15-29.21	29.19-29.21	7-6c pm	2.88	21-19½c pm	2.82
Denmark	5.1265-5.1400	5.1375-5.1400	0.85-1.35ore dis	−2.78	2.8-3.50ore dis	−2.64
W. Ger.	1.8505-1.8562	1.8520-1.8530	1.04-0.94pf pm	6.77	3.25-3.15pf pm	6.86
Portugal	47.25-47.48	47.38-47.48	28-38c dis	−8.35	50-110c dis	−6.75
Spain	68.97-69.16	69.11-69.16	5-15c dis	−1.86	40-57c dis	−2.81
Italy	838.40-840.0	839.50-840.0	1.10-1.40lire dis	−2.22	3.30-3.80lire dis	−1.84
Norway	5.0770-5.0925	5.0890-5.0900	0.70-0.30ore pm	1.52	2.25-1.85ore pm	1.42
France	4.2535-4.2725	4.2700-4.2725	1.0-0.90c pm	3.26	2.75-2.60c pm	3.03
Sweden	4.3520-4.3670	4.3660-4.3670	0.80-0.60ore pm	1.92	2.45-2.25ore pm	2.21
Japan	199.80-200.50	200.00-200.20	1.25-0.95y pm	7.07	3.45-3.35y pm	7.16
Austria	13.53½-13.58½	13.55½-13.56½	8.75-6.0gro pm	6.05	21.5-19.5gro pm	5.91
Switz.	1.6670-1.6723	1.6670-1.6680	1.37-1.33c pm	10.29	4.42-4.38c pm	10.54

† U.S. cents per Canadian $.

CURRENCY RATES

February 14	Special Drawing Rights	European Unit of Account
Sterling	0.643180	0.674913
U.S. dollar	1.28739	1.35030
Canadian dollar	1.53611	1.60915
Austrian schilling	17.5021	18.3641
Belgian franc	[illegible]	38.5602
Danish krone	6.64676	6.95403
Deutsche Mark	2.39004	2.51067
Guilder	2.59572	2.71338
French franc	5.50488	5.77292
Lira	1081.79	1135.28
Yen	257.864	270.357
Norwegian krone	6.57217	6.89449
Peseta	89.0230	93.3727
Swedish krona	5.63819	5.90080
Swiss franc	2.15702	2.25709

CURRENCY MOVEMENTS

February 15	Bank of England Index	Morgan Guaranty changes %
Sterling	63.61	−40.6
U.S. dollar	84.28	−8.4
Canadian dollar	78.66	−18.7
Austrian schilling	147.13	+19.7
Belgian franc	115.03	+15.5
Danish krone	119.05	+7.7
Deutsche Mark	150.55	+42.1
Swiss franc	195.31	+83.0
Guilder	124.99	+20.9
French franc	99.42	−6.2
Lira	[illegible]	−49.3
Yen	144.17	+42.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 15	£	$		£ Note Rates
Argentina Peso	2,144-2,184	1070-1090	Austria	26.75-27.75
Australia Dollar	1.7670-1.7760	0.8818-0.8829	Belgium	59-60
Brazil Cruzeiro	43-44	21.45-21.95	Denmark	10.25-10.35
Finland Markka	7.94-7.95	3.9615-3.9635	France	8.50-8.60
Greek Drachma	72.393-74.160	36.12-37.00	Germany	3.65-3.75
Hong Kong Dollar	9.59-9.61	4.7940-4.7960	Italy	1,650-1,700
Iran Rial	150.5-158.5	75-79	Japan	398-408
Kuwait Dinar (KD)	0.544-0.554	0.2714-0.2764	Netherlands	3.95-4.05
Luxembourg Frc.	58.40-58.50	29.14-29.16	Norway	10.15-10.25
Malaysia Dollar	4.3910-4.4035	2.1960-2.1980	Portugal	90-97
New Zealand Dlr.	1.8970-1.9040	0.9465-0.9488	Spain	139.50-144.50
Saudi Arab. Riyal	6.69-6.79	3.3383-3.3882	Switzerland	3.30-3.40
Singapore Dollar	4.3400-4.3525	2.1725-2.1735	United States	2.0020-2.0120
Sth. African Rand	1.7044-1.7281	0.8505-0.8623	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.004	3.715	402.0	8.553	3.338	4.015	1680.	2.395	58.45
U.S. Dollar	0.499	1.	1.854	200.6	4.268	1.665	2.003	838.5	1.194	29.17
Deutsche mark	0.269	0.539	1.	108.2	2.302	0.898	1.080	452.2	0.644	15.73
Japanese Yen 1,000	2.488	4.985	9.241	1000.	21.27	8.302	9.981	4179.	5.955	145.4
French Franc 10	1.169	2.343	4.344	470.0	10.	3.902	4.692	1964.	2.798	68.34
Swiss Franc	0.300	0.600	1.113	120.4	2.563	1.	1.202	503.4	0.717	17.51
Dutch Guilder	0.249	0.499	0.926	100.2	2.131	0.832	1.	418.7	0.596	14.57
Italian Lira 1,000	0.595	1.192	2.211	239.3	5.091	1.987	2.388	1000.	1.424	34.79
Canadian Dollar	0.418	0.837	1.552	168.0	3.574	1.395	1.677	702.0	1.	24.43
Belgian Franc 100	1.711	3.429	6.356	687.8	14.63	5.710	6.865	2874.	4.094	100.

EURO-CURRENCY INTEREST RATES

Feb. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	5	10⅛-10⅝	8¾-9¼	7¼-7½	par-⅛	3⅛-3⅜	6⅞-7⅛	9-12	—	4⅞-12⅜
7 day's notice	13⅜-13⅝	10¼-10½	8¾-9¼	7¼-7½	par-⅛	3⅛-3⅜	6⅞-7⅛	10-11	9-9⅛	4⅛-5⅛
Month	13⅛-13⅜	10⅜-10⅝	10⅛-10⅜	6⅜-6⅝	par-⅛	3⅛-3⅜	6⅞-7⅛	12¾-13¾	10⅛-10⅜	3⅛-5
Three months	13⅛-13⅜	10⅞-11⅛	10⅞-11⅛	6⅜-6⅝	⅛-⅜	3⅞-4	7⅞-8	13⅛-14⅛	10⅝-10⅞	3⅞-4⅛
Six months	13⅛-13¼	11-11¼	10¾-11⅛	6⅜-6⅝	⅛-⅜	4⅛-4⅜	8½-8¾	14½-14¾	10-11	4-4⅛
One year	12⅞-13⅛	11-11¼	10¾-11⅛	6¾-7	⅛-⅜	4⅜-4½	9⅛-9⅜	14-15	11-11⅛	3⅞-4⅛

The following nominal rates were quoted for London dollar certificates of deposit: one months 10.45-10.55 per cent; three months 10.65-10.75 per cent; six months 10.95-11.05 per cent; one year 10.95-11.05 per cent.

Long-term Eurodollar deposits: two years 10⅞-10⅝ per cent; three years 10⅞-10⅝ per cent; four years 10⅝-10⅞ per cent; five years 10⅞-10⅝ per cent, nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates steady

Interest rates were generally steady in New York yesterday, and Federal funds were trading at 10-10½ per cent, well down from Wednesday, and around the Fed's target of 10-10½ per cent. Treasury bill rates showed little change with 13-week bills at 9.26 per cent, unchanged from earlier in the day, and 26-week bills at 9.36 per cent, up from 9.35 per cent beforehand. One-year bills were quoted at 9.36 per cent, hardly changed from 9.36 per cent earlier.

FRANKFURT — Interbank money market rates were easier virtually unchanged yesterday, with call money at 3.7-3.8 per cent compared with 3.75-3.85 per cent on Wednesday, and one-month money unchanged at 3.8-3.9 per cent. The three-month rate was also unchanged at 4.1-4.2 per cent while six-month money eased from 4.25-4.35 per cent to 4.20-4.30 per cent. The rate for 12-month money was quoted at 4.7-4.9 per cent against 4.75-4.85 per cent previously.

BRUSSELS — Deposit rates for the Belgian franc (commercial) were easier throughout, with one-month deposits at 8-8½ per cent against 8½-8¾ per cent on Wednesday, and three-month deposits at 8½-8¾ per cent compared with 8¾-9 per cent previously. The six and 12-month rates both fell from 8½-8¾ per cent to 8¼-8½ per cent.

ROME — Interbank money rates were stable yesterday, despite differing local opinions on the future trend. Some sources suggested that rates did not ease because the authorities had failed to make available various disbursements. However, other dealers maintained that rates could show a slightly firmer tendency ahead of annual revenue payments of witholding tax.

HONG KONG — Conditions in yesterday's money market were generally easy during the morning, although money proved to be less easy to obtain during the afternoon. Call money was quoted at 9 per cent as was overnight money.

GOLD

Firmer trend

Gold rose $7½ to close at $247½-248 in nervous trading. The metal opened at $245-245¼, and was fixed at $245.00 in the morning, and $247.75 in the afternoon, following buying interest in the New York market.

In Frankfurt the 12½ kilo bar was fixed at DM 14,600 per kilo ($245.33 per ounce) compared with DM 14,300 ($239.13) previously.

In Paris the 12½ kilo gold bar was fixed at FFr 33,350 per kilo ($242.64 per ounce) yesterday afternoon, compared with FFr 33,200 ($242.68) in the morning, and FFr 32,550 ($236.76) Wednesday afternoon.

	February 15	February 14
Gold Bullion (fine ounce)		
Close	$247¼-248	$240-240¾
Opening	$245-245¾	$237¾-238½
Morning fixing	$245.00 (£122.176)	$237.60 (£118.877)
Afternoon fixing	$247.75 (£123.578)	$240.65 (£120.133)
Gold Coins, domestically		
Krugerrand	$282½-286½ (£141-143)	$277½-281½ (£138½-140½)
New Sovereigns	$69-71 (£34½-35½)	$68-70 (£34-35)
Old Sovereigns	$71-73 (£35½-36½)	$70-72 (£35-36)
Gold Coins, internationally		
Krugerrand	$254-256 (£126½-127½)	$247-249 (£123½-124½)
New Sovereigns	$64-66 (£32-33)	$63-65 (£31½-32½)
Old Sovereigns	$71-73 (£35½-36½)	$70-72 (£35-36)
$20 Eagles	$315-320	$313-318
$10 Eagles	$173-178	$171-176
$5 Eagles	$115-125	$115-125

UK MONEY MARKET

Large assistance

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills all direct from the discount houses. In addition they lent a a moderate amount, for purely technical reasons, to three or four houses at MLR for repayment on Monday, the same day as the effective release of some 2 per cent of special deposits, as the Bank of England reduced the rate of call on special deposits from 3 per cent to 1 per cent. However, next week also sees the unwinding of repurchase agreements of eligible bank bills.

The market was faced with a moderate net take up of Treasury bills and settlement of very large sales of gilts. On the other hand Government disbursements (including rate support grant) exceeded revenue transfers to the Exchequer by a moderate amount. There was also a small decrease in the note circulation. Discount houses were paying 13-13½ per cent for secured call loans at the start and closing balances were taken up to 13⅝ per cent.

In the interbank market, overnight loans opened at 13½-13¾ per cent and rose to 13¾-14 per cent, until about 3 pm when rates eased slightly to 12½-13½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 15 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ‡	Eligible Bank Bills ‡	Fine Trade Bills ‡
Overnight	—	12½-14	—	—	—	13⅞	13-14	—	—	—
2 days notice	—	—	13½-13⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	14	—	—	—	—
7 days notice	—	13⅝-13¾	13⅝-13⅞	—	13¾-13⅞	14⅛	13-14	—	—	—
One month	13½-13⅜	13[illegible]-13[illegible]	13½-13⅝	13⅛-13¾	13⅝-13¾	—	13	12[illegible]-12[illegible]	13¼	13⅝
Two months	13[illegible]-13[illegible]	13[illegible]-13[illegible]	—	13¼-13⅝	13⅝-13¾	13⅝-13⅞	13	12[illegible]-12[illegible]	13-13⅛	13⅝
Three months	13[illegible]-13[illegible]	13[illegible]-13[illegible]	13⅜-13⅝	13-13⅜	13⅝-13¾	—	12⅞	12[illegible]-12[illegible]	12⅞	13[illegible]
Six months	13[illegible]-13	13[illegible]-13[illegible]	13⅜-13½	12¾-13¼	13½	—	—	—	12⅞	14
Nine months	13[illegible]-12⅞	13[illegible]-13[illegible]	—	13-13⅜	13⅜	—	—	—	—	—
One year	12[illegible]-12¾	13⅛-13¼	13-13⅛	13-13⅜	13¼	—	—	—	—	—
Two years	—	—	13¼-13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 13½-13¾ per cent; four years 13¾-13⅞ per cent; five years 13[illegible]-13¾ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four-month trade bills 13½ per cent.

Approximate selling rates for one-month Treasury bills 12[illegible]-12[illegible] per cent; two-month 12[illegible] per cent; three months 12[illegible] per cent. Approximate selling rate for one-month bank bills 13-13⅛ per cent; two-month 12¾-12[illegible] per cent; and three-month 12¾ per cent; one-month trade bills 13¾ per cent; two-month 13½ per cent; and three-month 13½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 13.1154 per cent.

MONEY RATES

NEW YORK	
Prime Rate	11.5-11.75
Fed Funds	10.25
Treasury Bills (13-week)	9.26
Treasury Bills (26-week)	9.36
GERMANY	
Discount Rate	3
Overnight Rate	3.75
One month	3.85
Three months	4.15
Six months	4.25
FRANCE	
Discount Rate	9.5
Overnight Rate	6.875
One month	6.75
Three months	6.9375
Six months	7.125
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

FOOD PRICE MOVEMENTS

	February 8 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,140
British A.1 per ton	1,110	1,110	1,110
Irish Special per ton	1,110	1,110	1,110
Ulster A.1 per ton¶	1,110	1,110	1,110
BUTTER			
NZ per 20 kg	13.40/13.53	13.40/13.56	—
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	82.00/83.72	80.98/83.50	80.98/83.72
CHEESE‡			
NZ per tonne	1,230	1,250	—
English cheddar trade per tonne	1,455	—	—
EGGS*			
Home produced:			
Size 4	3.15/3.70	4.50/4.75	4.50/5.00
Size 2	3.90/4.20	5.00/5.20	5.30/5.60
	February 8 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/59.0	55.0/60.0	60.0/65.0
Eire forequarters	43.0/46.0	44.0/46.0	40.0/44.0
LAMB			
English	54.0/60.0	56.0/62.0	58.0/64.0
NZ PLs/PMs	48.0/51.0	50.0/53.0	—
PORK (all weights)	35.0/45.0	34.0/45.0	35.0/46.0
POULTRY			
Broiler chickens	37.0/38.0	37.0/38.0	36.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery February 17-24.

ENERGY REVIEW: SOUTH AFRICA

BY QUENTIN PEEL, Johannesburg Correspondent

Search for oil substitutes

IN THE middle of the South African veld, where the endless fields of maize are broken only by the occasional pit-head workings of a gold or coal mine, construction of the biggest single industrial project in the country's history has reached a climax. Work on SASOL 2, the R2.5bn ($2.9bn) oil-from-coal plant which is the key to South Africa's strategy to protect itself against an international oil embargo, is at its peak.

The huge complex, dominated by a 250-metre chimney and a string of cooling towers, consists of a 12m tons-a-year coal mine, steam, oxygen and gasification plants, a complex series of reactors and a refinery. Some 20,000 men are now on site, working a standard day of more than 11 hours in a bid to get the plant into production as soon as possible.

New urgency

The whole project has suddenly been given a new urgency, not because of the threat of an embargo, but because of the stoppage of Iran's oil exports. With Arab States already operating an embargo, South Africa has relied on Iran in recent years for up to and even more than 90 per cent of its oil imports. If Iran now joins the Arab states in labelling South Africa an unacceptable customer, she could face a real squeeze on oil supplies, and that squeeze could be particularly severe if there is a world shortage of oil supplies.

The SASOL (South African Coal, Oil and Gas Corporation) project on its own cannot possibly make up for the loss of Iranian oil. The combined output of the new plant, and its much smaller parent plant, SASOL 1, is unlikely to be able to provide more than 20 per cent of South Africa's oil needs. But in a situation where no supplies of oil can be guaranteed, and where whatever supplies that can be obtained may well have to be bought at a premium SASOL oil will be an important buffer. Moreover, with the huge reserves of coal available in South Africa, the possibility of building more oil-from-coal plants is already being seriously canvassed.

The South African Government has long been acutely aware of its vulnerability to oil sanctions. The first SASOL plant—still the only commercial oil-from-coal operation in the world—was conceived in 1950, and started production in 1955. A large stockpile of crude was begun in the mid-1960s. But what makes any consideration of the country's energy needs and requirements particularly difficult is that the Government has become increasingly reticent in publishing any statistics relating to oil, and may even be deliberately deceptive in its claims. "You can't expect us to go out of our way to help you, if what you write is going to end up being used in a UN report," said one official of the state-owned corporation.

What is no secret is that in spite of an oil search launched in 1965, and having cost to date some R120m (US$140m), no significant traces of oil have been found, either on land or offshore. There have been a few gas shows, and one oil show, described as "encouraging," but nothing approaching a commercial strike. The land search has been abandoned. Now the sea search, by the state exploration company, Soekor, has called in a bigger rig to drill at greater depth. There is still no expense spared.

The second arm of the strategy for self-sufficiency has been the creation of a huge oil stockpile, since the mid-1960s, both in specially-built tank farms and in disused coal mines. Although some reports have claimed that between three and five years' supply is now stockpiled, informed sources admit it is no more than 18 months' to two years, supply depending on the rate of consumption. But the Government insists that the reserve may not be touched except in the face of a total embargo, or a military emergency.

Transport

South Africa is fortunate in not relying on oil as its principal source of energy. That role is filled by coal, with the latest estimate of recoverable reserves put at 61bn tonnes. According to the last authoritative official study produced by the Department of Planning and the Environment, oil provided some 33 per cent of net energy requirements in 1974—possibly less today, given the further steep price rises since then. But although South Africa is therefore much less reliant on oil than most Western countries, it is essential in one key sector, transport. Some 75 per cent of the sector's energy consumption comes from oil, and in turn, it accounts for 66 per cent of all South Africa's oil usage.

Any consideration of ways of cutting oil consumption to reduce South Africa's vulnerability to oil sanctions must thus concentrate on transport—and clearly it is much less easy to effect direct substitution of coal, electricity or gas in that sector than in industry or the mines.

Fuel-saving measures have been in force in South Africa since the first OPEC price increases in 1973, including a countrywide speed limit of 90 km an hour, combined with restrictions on petrol selling hours.

Helped by the lower level of economic activity the measures have succeeded in keeping petrol consumption down to virtually the same level as 1973. But over the same period, according to Mr. Chris Heunis, the Minister of Economic Affairs, diesel consumption has been rising by about 7 per cent a year. New measures are shortly to be announced to correct the imbalance. Already, the selling hours for diesel fuel have been brought in line with those for petrol. But further measures aimed at cutting diesel consumption must inevitably affect industry and agriculture, as well as heavy transport.

Even though its stockpiles and conservation measures may buy South Africa time in the face of a determined oil embargo, officials are increasingly pinning their hopes on the search for oil substitutes. Of these clearly the SASOL scheme is the most advanced and the most important. Although SASOL officials refuse to confirm it, work on SASOL 2, some 100 miles east of Johannesburg, has been appreciably accelerated. Whereas the 1976 annual report predicted that just 12,000 men would be on site at peak production, the 1978 report confirmed that 20,000 were already working there. In addition, the regular working day begins at 6.30 in the morning and ends at 5.45 at night. The result is that the plant is expected to be brought on stream next year.

Already, the first of six steam boilers, constructed by Deutsche Babcock, has been fired. Assuming no unforeseen delays, the whole complex will be in production just four years after work began—a considerable managerial tribute to Fluor, the U.S. managing contractor, to set against the political notoriety it has won for its involvement in the project.

Both SASOL plants use the same Fischer-Tropsch process for producing oil from coal, but the new plant at Secunda has cut out one type of reactor to concentrate on the production of motor fuels, at the expense of the full range of waxes and other chemical by-products manufactured by the parent plant at Sasolburg. Thus at SASOL 2, a Synthol fluidised-bed reactor is used. The parallel Arge fixed-bed reactor used at SASOL 1 has been cut out.

Although SASOL 2 was designed primarily as a petrol producer, it will also produce other fuels such as jet fuel, fuel oil and LPG, chemical feedstocks including ethylene, alcohols, acetone, MEK (methyl ethyl ketone), and gasification by-products including creosote, pitch, crude tar acids, ammonia and sulphur. But its concentration on petrol has already meant some major modifications—because of the changed pattern or demand—to lower the petrol/diesel ratio from 70 : 30 to 60 : 40, it is understood.

As for the output, there have been many different guestimates, complicated by SASOL's refusal to indicate the number and quantity of by-products. Coal consumption will be between 12m and 14.5m tons per annum. Whereas SASOL 1 has been producing oil at a rate of around 0.8 barrel per ton of coal, it is reliably estimated that SASOL 2 will be capable of 1.5 barrels per ton, given its refinements and concentration on motor fuel. This would indicate an oil output of the order of 50,000 to 60,000 barrels a day. Total South African consumption is estimated at some 320,000 b/d, meaning that the new SASOL plant could produce something under 19 per cent of total requirements or 22 per cent of demand for petrol and diesel. SASOL 1 only produces one-tenth of the new plant's design output, according to official statements, and therefore the most favourable combined output amounts to barely 20 per cent of total national fuel consumption.

> "The biggest constraint must be capital: with the cost of another plant estimated to be R4bn, leading government advisers are already perturbed about the diversion of disproportionate amounts of capital . . . when the major problem facing the country is growing Black unemployment"

Already both academics and government energy planners are intensively involved in the search for further oil substitutes to cut the import bill. First on the list is consideration of a SASOL 3. The authoritative Johannesburg Financial Mail has reported that negotiations have already taken place with the contractors to duplicate SASOL 2 on the same site. The only practical limitation would appear to be the need for more water, but the possibility of South Africa diverting water from Lesotho in the Vaal river could resolve that. Certainly it would be logical to decide on another plant before the existing workforce is disbanded from the present construction operation. The biggest constraint must be capital: with the cost of another plant estimated to be R4bn, leading government economic advisers are already perturbed about the diversion of disproportionate amounts of capital into extremely capital intensive projects such as SASOL 2, when the major problem facing the country is growing Black unemployment.

The prospects for large-scale production of either methanol (from coal) or ethanol (from vegetable matter such as sugar cane and maize) have been widely canvassed already. Sentrachem, the chemical group, has proposed a series of 10 ethanol plants, in maize and sugar-growing areas, at a cost of some R350m Dr. Robbie Robinson, the company's general manager, believes they could be in operation in a year, "if you pull out all the stops." The ethanol produced, used as an additive to petrol, could cut oil imports by a further 10 per cent, he says.

Academic researchers, however, generally prefer methanol as a more efficient fuel, although they admit that its manufacture from coal would be more capital intensive. A plant would, however, cost only 80 per cent of the cost of a new SASOL, according to Professor Dick Dutkiewicz of the University of Cape Town.

Finally South Africa's Council for Scientific and Industrial Research (CSIR) in Pretoria has claimed an important breakthrough in the production of hydrides, which can be used to to store hydrogen conveniently and safely as a fuel in motor vehicles. Dr. C. M. Stander says that he has found a method of storing hydrogen in a metal alloy, using iron and titanium, so that it can be used as a safe, non-inflammable fuel. At present, however, the hydrogen would still work out more expensive than petrol, and there is no indication of how long it might take for commercial production of hydrides and conversion of car engines to take them.

What South Africa's oil predicament has meant is that alternative liquid fuel sources are being researched with considerably greater urgency than in countries where the threat of an oil stoppage does not exist. Even if the oil-from-coal conversion is not particularly energy-efficient—it is now considered old-fashioned—it has at least been shown to work on commercial scale. SASOL officials insist that the new plant will be expected to operate on a commercial basis, although they will not indicate how the capital cost is amortised—and how much is being borne as a direct cost by the Government.

If the threat of an oil embargo becomes real enough, the present South African regime is most likely to experiment still further with fuel substitutes, whatever the cost, rather than submit to changing its domestic policies under pressure, but its ability to do so will depend on the continuing availability of very large capital resources.

AMERICAN NEWS

Austrian hopes rise for Ford deal

BY PAUL LENDVAI IN VIENNA

LEADING Austrian Government officials and bankers are convinced that Austria's excellent labour record, coupled with investment grants to the tune of over Sch 4bn ($294m), will tip the balance in Austria's favour in the international tussle for a Ford assembly plant in Europe.

The Austrian Chancellor, Bruno Kreisky, has written a personal letter to Mr. Henry Ford II, the head of Ford Motor Company, in a bid to persuade him to select the Aspern area, some 10 miles west of Vienna.

Meanwhile, Hannes Androsch, the vice-chancellor, now in London, is also going to see some top Ford executives. The municipality of Vienna and the federal state jointly offered a package of cash grants and investment allowances amounting to an estimated Sch4bn. Furthermore, the municipality which owns the industrial site, formerly a small airport, is also understood to be willing to offer the site free of charge as a contribution to the project.

The main reason, however, why the Austrian side is not seriously concerned about the last minute French efforts involving also a personal bid by the President, Giscard d'Estaing, is Austria's international record as a country of labour peace. When Ford executives asked Austrian ministers recently how many minutes or hours of strikes occurred, the Austrians replied, "First of all you have to count in seconds and not in minutes." Except for Switzerland, no other European country has had such a consistently excellent labour record as Austria. This is partly due to the fact that there is a strong trade union federation composed only of 16 branch unions.

The Ford management was also impressed by the Austrian system of social partnership, under which the two sides of industry and the farmers' lobby successfully resolve conflicts of interest through negotiations and finally through consensus.

It is understood that the Austrians expect a positive decision within the next three weeks or so. Ford executives are reported to have already concluded some tentative arrangements with Austrian construction companies and sub-contractors.

In view of the forthcoming general elections in May, the Socialist government is clearly going all out to attract the Ford plant, which would provide jobs initially for 8,000, and including sub-contractors up to 20,000. The plant could go on stream in 1982, with an initial capacity of 200,000 to 250,000 cars per annum.

Higher profits for Brazilian banks

By Diana Smith in Rio de Janeiro

THE IMPOSITION of stricter accounting methods by the Brazilian Government, and the sale of property to take advantage of tax relief at the end of the year, still left Brazil's nine largest private banks with total net assets of Cr 38.33bn ($1.77bn) at the end of 1978—an increase of 81 per cent from the 1977 total.

Total net worth of the nine banks remained below that of Brazil's two largest State-owned or semi State-owned banks, respectively Banespa (Sao Paulo State Bank) and the Bank of Brazil, which between them held net assets in 1978 of $4.22bn, a 34 per cent increase on the $3.13bn of 1977.

Market analysts consider that the average declared profit per share of Cr 0.47 (2 U.S. cents) per share in the capital of the "Big Nine" (Bradesco, Banco Itau, Banco Real, Banco Nacional, Banco Mercantil de Sao Paulo, Unibanco, Bamerindus, Banco de Comercio e Industria and Banco Economico) was a satisfactory result.

It accompanied a 52.7 per cent rise in deposits ($8.6bn, compared with $5.63bn in 1977) and a 46.8 per cent rise in loans, which totalled $8.29bn in 1978 compared with $5.65bn in 1977. Deposits held by the nine private banks exceeded Banespa's and the Bank of Brazil's deposits in 1978: the two state-run concerns held a total of $7.64bn.

This reversed the 1977 picture, when the two state-run concerns held $700m more in deposits than the private Nine. The gap between the Nine's 1978 loans of $8.29bn and the two state-run banks loans of no less than $23.75bn is caused by the state banks' main function: distribution of cheap, subsidised credit to farming or small to medium businesses, funded by the Treasury; private banks are compelled to lend only 13 per cent of checking account funds to farming and small business, at virtually negative interest. They may lend deposit account funds as they see fit and charge whatever interest the market will bear.

In 1978, private banks paid about 4 per cent less interest on deposit account than they charged for loans: this rate hovered between 55 per cent and 60 per cent annually.

MEDIUM TERM CREDITS

Polish bank in $500m fund raising operation

BY FRANCIS GHILES

BANK HANDLOWY is currently negotiating a $500m seven-year medium-term loan with a group of 11 international banks who are acting as managers. This loan is the first major commercial fund-raising operation to be launched by a Polish borrower in more than a year.

The borrower is understood to be paying a split spread over the interbank rate of 1½ per cent for the first two years rising to 1⅝ per cent, with a management fee of 1 per cent. The grace period is 3½ years. Bank of America is acting as agent and writing the placing memorandum while Bankers Trust will be running the books worldwide.

Six banks are assisting with syndication in different parts of the world: Manufacturers Hanover on the U.S. East Coast, Citicorp on the U.S. West Coast, Bank of Montreal in Canada and the Far East, Chemical Bank in the Middle East, Bank for Gemeinwirtschaft in Germany and Europe, and Lloyds Bank International in the UK. Royal Bank of Canada is in charge of advertising and public relations. Barclays Bank is acting as general co-ordinator and Toronto Dominion will arrange the signing.

Romania is currently negotiating a $1bn package with Canada. This total will be made up of a $180m loan for 10 years arranged by a group of banks led by Bank of Montreal. The borrower will pay a split spread of ⅝ per cent for the first seven years rising to ¾ per cent. A further $140m will be lent by the commercial banks but a guarantee from Canada's Export Development Corporation will be provided. The largest part of the package, $680m, will be directly provided by EDC.

Privedna Banka of Zagreb is arranging a loan amounting to a maximum of $300m through a group of banks led by Manufacturers Hanover. This 10-year credit carries a spread of 1 per cent throughout. The funds are earmarked for the building of the Dow-Ina petrochemical complex.

Six other banks are acting as managers: Algemene Bank Nederland, Creditanstalt-Bankverein, Deutsche Bank, National Westminster, Royal Bank of Canada, and Tokai Bank.

In Latin America the Republic of Panama has achieved a marked improvement in the terms on which it is able to raise money. It is currently arranging a $110m loan for 10 years on a spread of ⅞ per cent and a grace period of five years through a group of banks led by Sumitomo Finance International and Société Generale de Banque. The borrower is paying a front-end fee of ⅞ per cent. The last large loan for the Republic, arranged last July, carried a split spread of 1⅞-1½ per cent for 10 years.

The $300m loan for Mexico's Comision Federal de Electricidad which is being co-ordinated by Westdeutsche Landesbank, has been increased to $500m with terms otherwise unchanged (a split spread of ⅞ and 1 per cent over Libor and a split maturity of 10 and 12 years).

Stock trust proposal for BC Telephone

BURNABY—The Premier of British Columbia, Mr. Bill Bennett, has proposed that shares of British Columbia Telephone which will be transferred to General Telephone and Electronics Corporation (GTE) in exchange for two of its Canadian units, be put in a voting trust held by the BC Resources Investment Corporation.

Earlier, GTE said it had agreed in principle to transfer ownership of the units to BC Tel, in a transaction involving an exchange of BC stock valued at C$ 47m.

BC Tel. said that the amount of stock involved is 3m shares, subject to adjustment, and the proposed transaction would raise GTE's interest in BC Tel. to about 55 per cent from 50.1 per cent.

BC Tel. said it is up to GTE to agree to such a proposal, but from BC Tel's viewpoint, "it is not an unreasonable request."

He said that under the Bennett proposal, the shares would be owned by GTE and it would receive dividends, but the BC Resources Investment Corporation would vote them.

The Premier said he wants to ensure that the Board of directors of BC Tel. continues to be 100 per cent British Columbian and "therefore responsive to BC needs.

Improvement at Reed Paper

TORONTO — REED PAPER the Canadian offshoot of Reed International have improved results for 1978, Mr. Donald A. MacIver, the president and chief executive officer said in a presentation to the Ontario Standing Resources Development Committee.

The 1978 results will be announced in a few days said Mr. MacIver and although there have been significant improvements, the company is "still in urgent need of a major financial restructuring . . . and still burdened by a tremendous long-term debt."

The company reported a net loss in 1977 of $66.2m.

The Ontario Government Committee is meeting to discuss a plan for Reed Paper to clean in Ontario by 1982, and the Government has offered C$1 of aid for every C$3 spent by the paper company on modernisation and on reducing pollution.

Mr. MacIver said Reed is not asking for C$36m in Government assistance.

"We are not financially capable of putting up the C$108m over four years that would be required to qualify for the C$36m in Government help. We can afford to invest only C$10m per year total investment," he said.

He said that the financial position of the company did not allow it to borrow money from the Government to pay for the pollution programme.

"It is a legal requirement based on our obligations under our currently outstanding debentures . . . if we were to borrow money in defiance of that requirement, we would immediately be required to repay about $115m in long-term debt. That requirement would bankrupt us," he said.

Reed will be submitting its 1985 plan to the Government soon, which would permit the company to meet all the environmental requirements set out by the Government, under its own resources.

The programme would do no additional damage to the environment said Mr. MacIver and would not lead to a health problem in the Dryden area.

"By 1985 (under the plan) we will have surpassed the environmental results that will be achieved under any control order programme against any company in our industry in Ontario," he added.

Reuter

Quebec looks at wider Asbestos deal

QUEBEC CITY—The Finance Minister of Quebec, Mr. Jacques Parizeau, told the National Assembly in Quebec City that if the Quebec Government goes ahead with its plans to expropriate Asbestos Corporation, the company's assets in Quebec will be the only ones nationalised.

However, he said Quebec might also offer to buy the company's asbestos processing plant in West Germany in a separate deal.

Mr. Parizeau, who has been handling expropriation negotiations with General Dynamics Corporation, which controls Asbestos Corporation, said these negotiations have not reached the point for a discussion of the company's assets outside Quebec.

He declined to make any further comments on the negotiations.

A study done for the Government by a New York brokerage firm suggested a fair market value of between $116m and $125m for the entire Asbestos Corporation operations in Quebec, or $40 to $42 per share.

The same brokerage house has estimated that Asbestos Corporation's milling operations in Norenham, West Germany, are worth between $2 and $3 per share.

EUROBONDS

Itel to launch $25m issue

BY JOHN EVANS

displayed further weakness yesterday, with losses ranging up to 1½ point. Investor caution, after the announcement of a further new dollar offering, contributed to easier prices, dealers said.

Itel Finance International intends to float a $25m eight-year bond bearing 10¼ per cent via Kidder Peabody International. Itel engages mainly in selling and leasing computer equipment.

Unconfirmed reports were also circulating that Newfoundland plans a dollar issue, possibly of $50m over 15 years bearing 10 per cent.

Retail interest in bonds remained limited. Greater demand was recorded in seasoned bonds returning 10 per cent or more—a yield area now rapidly becoming the benchmark level necessary to generate investor interest.

In the Yankee bond market, the $300m Province of Ontario 30-year bonds were set with final terms involving a 9⅞ per cent coupon and pricing of 99¼.

The European Investment Bank confirmed its $250m two-tranche issue in New York, comprising a $150m portion of seven-year bonds bearing 9⅝ per cent at 99¼.

The $100m of 20-year bonds also being offered bear 9¾ per cent, priced at par. The respective yields on the two tranches are 9.96 per cent and 10.12 per cent.

R. J. Reynolds records higher sales

BY STEWART FLEMING IN NEW YORK

R. J. REYNOLDS INDUSTRIES, the largest U.S. tobacco producer, reported a decline in fourth-quarter 1978 earnings from $131.9m to $122m.

The company pointed out, however, that the fourth quarter of 1977 included a non-recurring gain of $55.1m related to the nationalisation of its energy operations in Kuwait.

For the year as a whole, RJR's sales revenues rose by $259m to $6.6bn, and net earnings increased by $18.4m to $441.9m. Earnings per share in 1978 were $8.58 compared with $8.20 in 1977, an increase of 4.6 per cent.

The company pointed out that the sales increase for the year took place in spite of the loss of $276m in revenues as a result of the Kuwait nationalisation.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on February 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94¼	94¾	0	−0¼	10.17
Australia 8.45 83	175	†95⅞	96	−0⅛	−0⅛	9.61
Australia 9¼ 83	75	98⅞	99⅛	−0⅛	−0⅛	9.81
CECA 8¾ 87	50	93¾	93⅞	−0⅛	−0⅛	9.89
CECA 9½ 84-99	50	98	98½	−0⅛	−0⅛	9.79
CNT 9 83	75	94¼	94¾	0	0	9.74
Canada 9 83	400	97⅛	97⅜	−0⅛	−0⅛	9.87
Canada 9¼ 98	350	96⅛	96⅜	−0⅛	−1	9.86
Canadair 8¾ 83	70	94¼	94¾	0	+0⅛	10.10
Dominion Bridge 9 88	25	94¼	94¾	−0⅛	−0⅛	10.05
EIB 9¾ 98	125	94¾	95	−0⅛	−0⅛	9.98
Export Dv. Cpn. 9.85 84	150	99⅞	100⅜	−0⅛	−0⅛	10.05
Eksportfinans 9 80	50	95¼	95¾	0	−0⅛	9.85
Finland 8¾ 83	100	95⅞	96⅜	−0⅛	−0⅛	10.11
Finland 9 88	100	94½	95	0	−0⅛	10.10
Finland 9½ 86	100	97½	98	−0⅛	−0⅛	9.96
Hospital O/S 9 83	25	†96¾	97¼	0	−0⅛	9.82
Itel Finance 9¼ 90	30	93¼	93¾	−0½	−0⅛	10.74
J. C. Penney 8¾ 83	100	95¼	95¾	−0⅛	−0⅛	9.73
NZ Dev. Fin. 8¾ 83	20	93¼	93¾	−0⅛	−0⅛	10.04
NZ Dev. Fin. 8¾ 85	20	93¼	93¾	−0⅛	0	9.82
Nat. West. 9 86	75	96⅞	97⅜	−0⅛	−0⅛	9.54
Newfoundland 9¼ 90	50	96½	97	−0⅛	−0⅛	9.72
Nord Inv. Bk. 8¾ 88	25	94¼	94¾	0	+0⅛	9.66
Norsk Hydro 9¼ 94	50	95¼	95¾	−0⅛	−0⅛	9.85
Norway 7¾ 83	250	92⅞	93⅜	0	+0⅛	9.93
Norway 8¼ 83	150	95¾	96¼	0	−0⅛	9.94
Norway 9¼ 84	150	99⅝	100⅛	−0⅛	−0⅛	9.98
Occidental 8¾ 85	75	92¼	92¾	+0⅛	+0⅛	10.54
Ont. Hydro 9½ 86	125	93⅛	93⅞	−0⅛	−0⅛	9.89
Quebec Hydro 9¼ 83	[illegible]	96⅞	97⅜	−0⅛	−0⅛	9.87
Sweden 9¼ 88	125	95¼	95¾	−0½	−1⅛	10.01
UK 8¾ 85	200	95¼	95¾	−0⅛	−0⅛	9.69
UK 8¾ 93	150	95¼	95¾	0	−0⅛	9.69

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	97¾	98¼	+0⅛	0	5.84
Argentina 6½ 88	150	95¼	96¼	−2	+0⅛	7.06
Australia 6 88	250	99¼	99¾	−0⅛	−0⅛	6.08
Austria 6¼ 90	150	91½	92¼	−0⅛	−1	6.77
Bankamerica 5¾ 80	150	97¼	98¼	−0⅛	−0⅛	5.97
Bq. Ext. Algerie 7¼ 85	100	95⅞	96¼	0	−0⅛	7.98
Brazil 7¼ 87	150	100¼	100¾	0	0	7.18
CECA 6 88	150	96¾	97¼	+0⅛	+0⅛	6.47
Canada 4¾ 83	600	97¼	97¾	+0⅛	−0⅛	5.42
Ch. Manhttn. O/S 6 93	100	98⅞	99⅜	−0⅛	−0⅛	6.09
Commerzbank WW 3½	100	98¾	99¼	−0⅛	−1⅛	3.69
Commerzbank XW 3¾	100	81¼	81⅞	+0⅛	−0⅛	6.15
Copenhagen City 6 90	75	90⅞	91⅞	+0⅛	+0½	7.10
Council of Europe 6¼	100	97½	98¼	+0⅛	+1⅛	6.45
Council of Europe 6¼	130	98¾	98⅞	+0⅛	+0½	6.44
Denmark 5¾ 85	100	95⅞	96⅜	0	−1⅛	6.55
Denmark 6½ 89	100	96¼	96¾	+0⅛	0	7.02
EIB 6 90	300	93¾	94¼	+0⅛	−0⅛	6.77
EIB 6½ 91	200	96⅜	96⅞	+0⅛	+0⅛	6.92
Eurofima 6½ 89	100	98¾	99¼	+0⅛	+0⅛	6.66
Finland 6 83	150	99⅞	100⅜	+0⅛	+0⅛	5.93
Hitachi Ship 5¾ 83	50	99½	99⅞	−0⅛	−0⅛	5.84
IBJ 5 84	100	96¾	97½	+0⅛	−0⅛	5.69
Indonesia 7 84	100	97¾	98¼	−0⅛	−0⅛	7.46
Kobe, City of 5¾ 86	100	98⅞	99⅜	−0⅛	−1⅛	5.87
Mitsubishi Petro 5¾ 85	100	99	99½	−1	−0⅛	5.86
New Zealand 6¼ 87	200	100	100½	0	+0⅛	6.21
Nippon Steel 5¾ 85	100	99¾	100¼	−0⅛	+0⅛	5.79
Nippon Tel. & T. 6½ 87	100	96¼	96¾	−0⅛	−0⅛	6.07
Nordic Inv. Bk. 6¼ 86	60	97¾	98¼	0	0	6.64
Norges Komm. 6 90	100	95¾	96¼	+0⅛	+0⅛	6.50
Norges Komm. 6¼ 89	150	97¼	97¾	0	−0⅛	6.60
Norwegn. Intl. Bk. 6 90	125	94¾	95¼	−0⅛	−1	6.84
Occidental 6¾ 90	150	95¾	96¼	0	−0½	7.28
OKB 6½ 88	100	100¾	101¼	+0⅛	+0⅛	6.39
Petroleo Brazil 7 88	100	97¾	98¼	−0⅛	−1	7.33
PK Banken 5¾ 88	100	92	92½	−0⅛	−0⅛	6.89
Ricoh 6¼ 83	30	97¼	97¾	−0⅛	−1⅛	5.86
Statoil 6 88	150	94¾	95¼	+0⅛	−1½	6.72
UDS Group 5¾ 83	65	96⅞	97⅜	−0⅛	−0⅛	6.49
Union Bank Finn 6½ 88	50	95	95½	−0⅛	−0⅛	7.17
Venezuela 6½ 90	150	92⅞	93⅜	−0⅛	−0⅛	7.39
World Bank 6¼ 88	400	96⅞	97⅜	−0⅛	−0⅛	6.65

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5⅞ 88	40	104½	105	0	0	4.61
Amer. Exp. Int. 3½ 93	40	101	101½	−0⅛	−1⅛	3.40
Arlberg Tunnel 4 93	40	101⅞	102⅜	0	−0⅛	3.80
Austria 3½ 93	100	99½	99¾	0	0	3.53
Brazil 4¾	100	100¼	100½	+0½	+1	4.20
Chase Manhattan 4 93	70	104½	105	+0⅛	+0⅛	3.57
Council of Europe 4¼	100	†104	104¼	+0⅛	+0⅛	3.81
Bankamerica 3¾ 93	80	102¼	102½	0	−0½	3.54
BNDE 5 88	75	†102	102½	+0½	−0⅞	4.70
Denmark 4½ 90	100	104¼	104¾	0	−0⅛	3.98
Denmark-Mortgage Bk.	80	104¾	105¼	+0⅛	−0⅛	3.94
EIB 4½ 93	100	103½	103¾	0	−1½	3.92
Euratom 4½ 93	80	103¼	103½	−0⅛	−0⅞	3.94
F. L. Smidth 4½ 89	25	103¼	103¾	−0⅛	−0⅛	4.10
Finland 4½ 93	80	102¼	102¾	−0⅛	−0⅛	4.25
CZB 4½ 93	100	104¼	104½	+0⅛	−0½	4.09
ICI Fin. NV 4¼ 93	100	104¼	104¾	0	−0⅛	3.84
Malaysia 4¾ 90	80	99¾	100	−0⅛	−0⅛	4.76
Manitoba 4 93	100	104¼	104¾	0	−0⅛	3.59
Nissan 4 93	70	103¼	103¾	+0⅛	−0⅛	3.70
New Zealand 3½ 94	120	†99¼	99½	−0⅛	−0⅛	3.55
Norges Komm. 4¼ 90	100	105¼	105¾	−0⅛	+0⅛	3.67
OKB 4 93	80	†103¾	103¾	+0⅛	−0⅛	3.67
Oy Nokia 5 90	20	103½	104¼	−0½	−0⅛	4.55
Sala 4½ 93	30	103¼	104	0	+0⅛	3.89
Sandvik 4 90	85	103¼	103¾	−0⅛	−0⅛	3.60
Sean 4½ 88	15	102½	103½	+0⅞	−0⅛	4.10
Voest Alpine 4½ 93	100	104	104½	0	−0⅛	4.10
Vorarlberg Kraft 4 93	30	104¼	104¾	0	0	3.59
Vienna 4 93	100	†101⅜	102	−0⅛	−1	3.83
World Bank 4¼ 93	250	103¼	103½	0	−0⅛	3.94

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅞ 88	15	92⅞	93⅜	−0⅛	−1⅛	6.72
Australia 5.6 83	30	100	101	−0⅛	−0⅛	5.55
Australia 6½ 88	20	96	97	−1⅛	−1⅛	7.12
BICE 6.4 90	30	94	95	+0⅛	−0⅛	7.24
Eurofima 6.5 90	10	94	95	0	−0⅛	7.13
Finland 5.6 83	10	98	99	−0⅛	−0⅛	6.05
Finland 6.8 88	10	96¾	97¾	−0⅛	−0⅛	7.34
Sweden 6.8 90	40	93¼	94¼	−0⅛	−1⅛	7.26

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ AS	12	†94¼	95¼	0	+0⅛	12.84
Auto Cote B. 7 93 EUA	16	91½	92½	0	0	7.96
Copenhagen 7 93 EUA	30	91½	92½	0	+0⅛	7.98
Komm. Inst. 7½ 93 EUA	15	97¼	98½	0	+0⅛	7.76
Panama 8¼ 93 EUA	20	94	95	0	0	8.93
SDR France 7 93 EUA	22	91½	93	−0⅛	−0⅛	7.90
Algemene Bk. 6¾ 83 Fl	75	94¼	95¼	0	−0⅛	7.73
Brazil 7½ 83 Fl	75	94¾	95¾	0	0	8.91
CFE Mexico 7¼ 83 Fl	75	97¾	98¾	+0⅛	+0⅛	8.29
EIB 7¼ 85 Fl	75	95¼	96	0	−0⅛	8.12
Neder. Midd. 6½ 83 Fl	75	94¼	95	0	−0⅛	8.01
New Zealand 6¾ 84 Fl	75	95¼	95⅞	0	−0⅛	7.79
Norway 6½ 83 Fl	100	94¼	94¾	0	+0½	8.11
OKB 6½ 85 Fl	75	90⅞	91⅛	0	+0⅛	8.34
Elf Aquitaine 9¾ 88 FFr	150	99½	100	0	−0⅛	9.78
EIB 9¾ 88 FFr	200	99¾	100¼	−0⅛	−0⅛	9.75
PSA Peugeot 9¾ 87 FFr	175	100	100¾	0	−0⅛	9.70
Unilever 10 85 FFr	100	101¾	102¼	0	0	9.57
BAT 8 88 LuxFr	250	97¼	98¼	0	+0⅛	8.36
Bayer Lux. 8 88 LuxFr	250	97¼	98¼	0	+0⅛	8.38
EIB 7¾ 88 LuxFr	250	96½	97¼	−0⅛	−0⅛	8.23
Finland I. F. 8 88 LuxFr	250	96¾	97¾	0	0	8.45
Norway 7¾ 83 LuxFr	250	96⅞	97⅞	0	−0⅛	8.46
Norges Km. 8 86 LuxFr	500	98¼	99¼	0	0	8.12
Renault 7¾ 88 LuxFr	500	96½	97¼	0	−0⅛	8.21
Solvay Fin. 8 85 LuxFr	500	100¼	101¼	−0⅛	−0⅛	7.84
Swedish Bk. 8 88 LuxFr	500	99	100	0	−0⅛	8.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	0¾	96	96½	31/7	11.44	11.88
BFG Fin. Co. M5.5 89	0½	98½	98⅞	12/7	12.4	12.57
Bco. El Salvador M8 83	1¼	97¾	98¼	12/4	11.31	11.56
Bco. Nac. Argnt. M8 93	0¾	98¾	99¼	21/7	12⅛	12.31
Bank Handlowy M5 88	1¼	97¼	97⅞	25/11	12.94	13.25
Bank of Tokyo M5½ 93	0¼	97¼	97¾	18/4	10½	10.77
Banque Worms M5¾ 85	0¼	98¼	98¾	15/6	12	12.20
Bq. E. d'Alg. M6.375 84	0¼	96¼	96¾	9/8	11⅞	12.31
Bq. E. d'Alg. M7.5 85	0¼	95¼	95¾	2/5	12¾	13.37
Bq. Indo et Suez M5½	0¼	98¾	99¼	26/7	12	12.14
Bq. I. Af. Occ. M6.5 83	0¼	97¾	97⅞	12/7	12.4	12.70
CCCE M5.25 98	0¼	97½	98	3/8	11⅛	11.64
Ch. Man. O/S M5¾ 93	0¼	97¾	98¼	27/7	11.73	11.98
Credit National M5¾ 88	0¼	98	98½	11/7	12.31	12.53
Gotabanken M6 88	0¼	98¼	98¾	15/5	12.31	12.50
Ind. Bk. Japan M5½ 85	0¼	99½	100	1/6	12.35	12.38
Ljubljanska M7.75 85	1	96⅞	97⅜	18/7	12.94	13.30
LTCB Japan M5¼ 85	0¼	99¼	99¾	9/5	12.06	12.14
Midland Intl. M5½ 93	0¼	98¾	98⅞	20/7	12⅛	12.42
Nat. West. M5½ 90	0¼	98¾	99¼	21/6	12½	12.63
Nipp. Crdt. Bk. M5.5 85	0¼	100	100½	22/6	12.81	12.78
OKB M5¾ 88	0¼	100⅞	101⅜	18/4	10.56	10.45
Offshore Mining 86	0¼	98¾	99¼	19/7	12.19	12.30
Petro Mexicano 7¾ 84	0¼	98½	99	24/7	12.06	12.22
Privredna Banka M8 86	0⅞	95¼	95¾	22/6	13.44	14.03
Standard Chrt. M5.5 90	0¼	97¼	97¾	10/2	8.94	9.18
Sundsvallsbnkn. M6 85	0¼	97¼	97¾	4/4	10.06	10.33

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¼ 93	9/78	628	102¾	103¼	0	14.25
Baker Int. Fin. 5½ 93	1/79	34	†103	103½	+0½	5.17
Boots 6¼ 93	2/79	2.16	89¾	90¼	−0⅛	−3.86
Coca-Cola Bottling 6¾	4/79	9	89¾	90½	−0⅛	24.79
Ito-Yokado 5¾ 93	6/78	1473	117⅞	118⅞	0	−3.87
Novo Industri 7 89	4/79	259	89½	91	0	8.85
Texas Int. Air. 7½ 93	4/79	14.5	†89	89½	−1	11.27
Thorn Int. Fin. 7 88	11/78	3.67	97	97¾	−0⅛	−0.35
Tyco Int. Fin. 8½ 88	9/78	21	†99	99½	−0⅛	18.22
Tyco Int. Fin. 5 84	5/78	61.5	†75	75½	0	162.50
Asahi Optical 3¼ DM	12/78	588	94¾	95¾	+0⅛	6.97
Casio Cp. 3¼ 85 DM	11/78	841	96¾	97¾	+0⅛	7.21
Izumiya 3½ 86 DM	10/78	989	91	92	−0⅛	3.01
Jusco 3½ 86 DM	1/79	1270	91¼	92¼	−0⅛	15.99
Kansai Elec. 4 84 DM	4/79	135	92⅞	93⅞	0	−89.22
Konishiroku 3½ 85 DM	1/79	612	93¼	94¼	0	10.90
Marudai Food 3½ DM	2/79	1033	91¾	92¾	−0⅛	10.66
Murata M 3½ 86 DM	11/78	854	98½	99½	−0⅛	−3.07
Nipp. Air. 3.5 88 DM	12/78	508	86¾	87¾	−0⅛	0.77
Nippon Shinpan 3¾ DM	8/78	738	100¾	101¾	+0⅛	4.74
Nippon Ysn. 3½ 85 DM	1/79	251	95½	96½	+0⅛	4.70
Nissan Diesl. 3½ 88 DM	2/79	477	91¼	92¼	−0⅛	9.85
Olymp. Opt. 3¼ 85 DM	2/79	703	99	100	−0⅛	0.09
Ricoh 3½ 86 DM	10/78	617	96¼	97¾	+0⅛	17.27
Sanyo Electric 3½ DM	11/78	295	89½	90½	+0⅛	−0.98
Seivu Strs. 3¾ 86 DM	9/78	1275	107¼	108¼	+0⅛	−2.23
Sharp Cpn. 3½ 88 DM	2/79	487	94	95	+0⅛	0.96
Stanley Elec. 3½ DM	11/78	623	91¾	92¾	+0⅛	17.41
Tokyo Elec. 3½ 87 DM	4/79	476	93½	94½	+1⅛	3.85
Trio-Knwd. 3½ 86 DM	11/78	711	87¼	88¼	+0½	29.28

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Power doubles its dividend

BY ROBERT GIBBENS IN MONTREAL

POWER CORPORATION of Canada, the Montreal-based holding company which controls major interest in financial services, pulp and paper and packaging, is doubling its quarterly dividend rate on the common stock and participating preferred. The company is also splitting its stock two-for-one.

The quarterly dividend is being raised to 30 cents from 15 cents with the payment due on March 30 to shareholders of record March 16. The requisite bye-law will be placed before shareholders at the annual and special meeting on May 4.

The company is also calling for redemption on March 30 the remaining 19,000 shares of 5 per cent, second preferred stock that are outstanding at $12.

Power Corporation's fourth quarter operating earnings were C$22m or $1.70 per share against C$9.7m or 72 cents. The latest period excludes a C$12.1m loss due mainly to a writedown on disposal of its controlling holding in Laurentide Financial Corporation. The year-earlier figure exclude: a C$6.3m loss on the sale of investments.

Revenues were C$105m against C$84m.

For all 1978 the company had operating earnings of C$51.6m or C$3.94 a share against C$26m or C$1.84. Both periods exclude special writedowns. Revenues were C$290m against C$270m.

RESULTS IN BRIEF

Sales rises pushes HFC profits higher

NEW YORK — Household Finance Corporation, the consumer loan concern, had net profits of $153.2m or $2.99 a share fully diluted for the past financial year, compared with $138.5m or $2.71 a share fully diluted last time.

Retailing sales moved ahead from $2.85bn to $3.31bn, manufacturing sales advanced from $209.3m to $232.2m, and rental and leasing revenues were up from $201.1m to $261.8m. The net income figure is struck after unrealised foreign exchange losses of 49 cents a share against 48 cents.

Other companies reporting increases in per share earnings for 1978 included gas pipelines concern Northern Natural Gas Company, up from $6.11 to $6.15, Thomas and Betts Corporation, electrical equipment, up from $2.70 to $3.30, Genuine Parts Company, up from $2.43 to $2.79, National Medical Care, medical services, up from $1.65 to $2.07, A. H. Robins Company, pharmaceuticals, up from $1.03 to $1.15, and United Energy Resources, natural gas pipelines, up from $6.28 to $6.96.

A setback for the year was reported by tampons manufacturer Tampax Incorporated, with earnings dropping from $3.18 to $2.98.

For the first quarter of the current financial year, advances in earnings per share were made by Petrolane Incorporated, gas and chemicals, up from $1.04 to $1.25, Northwestern Steel and Wire Company, ahead from $1.54 to $2.73, and Thermo Electron Corporation, ahead from 70 cents to $1.07. The diversified industrial company Eltra Corporation reported a downturn from $1.95 to $1.04.

Agencies

AMERICAN QUARTERLIES

AMERICAN AIRLINES	1978 $	1977 $
Fourth quarter		
Revenue	878.2m	619.8m
Net profits	7.31	*11.93m
Net per share	0.16	*0.52
Year		
Revenue	2.74bn	2.38bn
Net profits	134.4m	70.6m
Net per share	4.27	2.14

* Loss

BELL AND HOWELL	1978 $	1977 $
Fourth quarter		
Revenue	159.3m	138.8m
Net profits	3.1m	3.7m
Net per share	0.57	0.65
Year		
Revenue	567.5m	491.6m
Net profits	12.2m	11.5m
Net per share	2.20	2.01

CAMPBELL SOUP	1978 $	1977 $
Second quarter		
Revenue	595.6m	540.1m
Net profits	39.4m	34.63m
Net per share	1.18	1.03
Six months		
Revenue	1.13bn	1.01bn
Net profits	70.33m	62.76m
Net per share	2.09	1.86

CHUBB	1978 $	1977 $
Fourth quarter		
Net profits	25m	20.6m
Net per share	2.10	1.66
Year		
Net profits	91.7m	67.1m
Net per share	7.39	5.41

COLGATE-PALMOLIVE	1978 $	1977 $
Fourth quarter		
Revenue	1.15bn	1.01bn
Net profits	42.45m	41.02m
Net per share	0.52	0.51
Year		
Revenue	4.31bn	3.87bn
Net profits	175.57m	165.7m
Net per share	2.15	2.07

CONTINENTAL TELEPHONE	1978 $	1977 $
Fourth quarter		
Revenue	243.7m	206m
Net profits	26.15m	21.14m
Net per share	0.53	0.44
Year		
Revenue	913.7m	781.2m
Net profits	97.56m	80.46m
Net per share	2.03	1.73

D. GIORGIO	1978 $	1977 $
Fourth quarter		
Revenue	236.6m	209.4m
Net profits	1.7m	1.4m
Net per share	0.27	0.23
Year		
Revenue	897.1m	829.9m
Net profits	9.2m	7.9m
Net per share	1.50	1.29

W. W. GRAINGER	1978 $	1977 $
Fourth quarter		
Revenue	153.6m	138.8m
Net profits	12.82m	10.32m
Net per share	0.91	0.74
Year		
Revenue	604m	498.5m
Net profits	39.95m	33.30m
Net per share	2.84	2.38

MELVILLE CORPORATION	1978 $	1977 $
Fourth quarter		
Revenue	554.2m	458.4m
Net profits	38.23m	31.24m
Net per share	1.53	1.26
Year		
Revenue	6.62bn	6.36m
Net profits	441.9m	423.5m
Net per share	3.52	2.94

MOTOROLA	1978 $	1977 $
Fourth quarter		
Revenue	635.6m	525.3m
Net profits	33.4m	30.3m
Net per share	1.06	0.98
Year		
Revenue	2.2bn	1.8bn
Net profits	125.1m	106.9m
Net per share	4.04	3.46

PLAYBOY ENTERPRISES	1978 $	1977 $
Second quarter		
Revenue	80.9m	58.7m
Net profits	2.6m	1.2m
Net per share	0.26	0.13
Six months		
Revenue	154.9m	124m
Net profits	7.1m	5.5m
Net per share	0.71	0.56

C. R. BARD	1978 $	1977 $
Fourth quarter		
Revenue	47.4m	43.4m
Net profits	3.1m	2.96m
Net per share	0.32	0.31
Year		
Revenue	188.4m	167.3m
Net profits	11.83m	10.32m
Net per share	1.22	1.07

SIGNODE	1978 $	1977 $
Fourth quarter		
Revenue	162.1m	132.2m
Net profits	10.4m	8m
Net per share	1.32	1.02
Year		
Revenue	617.9m	522.1m
Net profits	38.2m	32.7m
Net per share	4.85	4.16

WARNER COMMUNICATIONS	1978 $	7977 $
Fourth quarter		
Revenue	405m	397.9m
Net profits	26m	18.9m
Net per share	1.74	1.32
Year		
Revenue	1.31bn	1.14bn
Net profits	81.8m	66.8m
Net per share	5.51	4.64

WESTERN UNION	1978 $	1977 $
Fourth quarter		
Revenue	178m	166.8m
Net profits	8.08m	10.22m
Net per share	0.37	0.51
Year		
Revenue	687.7m	650.5m
Net profits	45.66m	43.95m
Net per share	2.35	2.34

WM. WRIGLEY JR.	1978 $	1977 $
Fourth quarter		
Revenue	116.3m	95.7m
Net profit	8.21m	7.49m
Net per share	2.06	1.91
Year		
Revenue	445.6m	387.9m
Net profits	31.83m	29.31m
Net per share	8.06	7.46

Rapid growth in loans by EIB

By Guy de Jonquieres, Common Market Correspondent in Luxembourg

THE EUROPEAN Investment Bank would be ready to consider using the planned European Currency Unit (ECU) in its borrowing and lending operations after the European Monetary System comes into effect. M. Yves Leportz, the bank's president, said yesterday. "I believe that there will be a place in the market for the ECU," he told a news conference. But he added that the EIB was still studying the question and would take no firm decisions until it was clear how the EMS would work out in practice.

He also reported that new loans by the EIB, the EEC's long-term financing institution, rose by almost 40 per cent last year to 2.2bn units of account (UA) — worth about $3bn — from 1.6bn UA in 1977. In real terms, the increase was about 32 per cent. Almost 90 per cent of the loans were to EEC countries, and three quarters went to economically less developed regions. Lending was for a variety of industrial and energy projects, irrigation, utilities and communications schemes.

Italy received 43 per cent of loans made inside the EEC, more than any other country. During the previous two years Britain was the single largest national borrower, but in 1978 it received 430.7m UA or 22 per cent of the total disbursed within the community.

Lending to countries outside the EEC, chiefly Mediterranean states and developing countries belonging to the Lome Convention, rose less rapidly, by about 30 per cent. But the EIB said it expected loans to the developing world to increase to 400-500m UA annually in the coming years from 150 UA on average between 1974 and 1977.

In addition, the prospective enlargement of the Community to include Greece, Portugal and Spain as full members in the next few years would lead to a "sizeable" increase in the volume of funds needed for capital investment.

Borrowing by the EIB, whose capital was doubled to 7.1bn UA last June, rose to 1.9bn UA in 1978, the bulk of it through public issues on national and international capital markets. This was 68 per cent more than the 1.2bn UA borrowed the previous year, and set a new record. As in the previous two years, more than half the total borrowed last year was in U.S. dollars, in response to demand from the bank's clients. Roughly a quarter of total borrowings were in Deutsche Marks and about one-tenth in Dutch guilders.

According to EIB officials, there would be no reason in principle why the bank should not float issues denominated in ECUs—which are a weighted basket of all EEC currencies —on international markets after the EMS started. Such borrowings would be subscribed to in national currencies at their equivalent ECU rate.

The proceeds could then be re-lent to the bank's EEC clients in the form of ECUs. But because the ECU is not, at present, intended to assume a reserve currency role, clients would have to convert such loans into national currencies, when they wished to use them.

M. Leportz said yesterday the EIB would want to see how stable the ECU proved to be before deciding whether to use it in its operations.

Landis & Gyr growth depends on franc trend

BY JOHN WICKS IN ZURICH

TURNOVER OF the Landis and Gyr electrical engineering concern could improve by some 4 per cent in terms of Swiss francs this year. The Swiss parent company, Landis and Gyr AG, expects a rise in sales volume of some 6 per cent in 1979 and a 5 per cent increase in local currency prices.

For 1978, the group has already reported a 4.8 per cent drop in Swiss franc sales to SwFr 986m, despite a 9 per cent rise in local-currency turnover. However, cash-flow increased by 4 per cent last year for the group to SwFr 105.1m and profits went up from SwFr 42m to SwFr 48.3m ($28.9m). The board recommends payment of an unchanged parent-company dividend of 10 per cent as well as a one-for-15 rights issue.

This year's results will depend to a large extent on the future development of the Swiss franc rate, but the group expressed some confidence that National Bank measures to stabilise the exchange rate would prove successful. Although profits would have approached SwFr 70m in 1978, had exchange rates remained unaltered, Dr. A. Schmidt, a director, said Landis and Gyr had come out relatively well. If efforts to counter the effects of the high Swiss franc continued to succeed, the concern could emerge stronger than before.

Even with a stable exchange rate, the group expects difficulties this year in attaining profit targets and reaching full capacity use. However, turnover has been developing well in the past months, even with the appreciation of the franc, and most product divisions and corporate subsidiaries expect satisfactory demand during the year.

The group foresees rising demand for its sales in the American market for electricity supply and control equipment. "Several tens of millions of Swiss francs" will be invested in this field of U.S. operations as part of a programme running until 1990 or 1995. This will mean a further expansion of the Moore Systems (San Jose) and Duncan Electric (Lafayette, Indiana) subsidiaries.

The board of another electrical engineering concern —Sprecher and Schuh AG—will recommend a capital increase in May, the new stock to be subscribed by Landis and Gyr. The two companies are already working on the coordination of sales programmes in certain of the operating sectors and are cooperating in marketing some foreign markets.

German group in Brazil deal

BY DIANA SMITH IN RIO DE JANEIRO

A GAP in Brazilian manufacture of electrical components is to be filled by a new joint venture between Kiemle Und Spiess, the German machine tool and foundry concern, and Motores Eletricos Brasileiros.

The Kiemle-MEB enterprise will be set up in Pocos de Caldas, Minas Gerais State, the Brazilian State which is actively, and successfully, wooing new foreign capital in a wide range of activities.

MEB will hold 37 per cent of the $10m investment, and Kiemle Und Spiess 22.5 per cent. The DEG-Deutsche Entwicklung Gesellschaft (the German development bank involved in some 18 ventures in Brazil) will hold 10 per cent.

Meanwhile, Braum Technical Consultants of Germany will hold 5 per cent, as will internationally based Brasilinvest, the investment bank responsible for several important new joint Brazilian and international ventures. The remaining 10 per cent will be held by Embramec, the Brazialian Government-sponsored mechanical enterprise agency.

The Kiemle-MEB venture is the first step toward transfer of MEB's electric motor factory from its present home in Sao Paulo State, to Minas Gerais where, by 1981, with a $23m investment, it will produce 1m electric motors a year for the domestic market and a wide range of components for export to Latin America and the U.S.

EOE names first stocks for put options trading

BY CHARLES BATCHELOR IN AMSTERDAM

THE European Options Exchange (EOE) has announced that it will introduce put options on AKZO, Royal Dutch, KLM and Philips on March 1. It will also apply new commission scales from February 26 which will reduce the cost of 75 per cent of opening transactions and all closing transactions. The method of calculating commissions will also be simplified.

The put options will allow investors to take advantage of a falling stock market since they confer the right to sell shares in the future at a fixed price.

The exchange now lists 27 call options. It expects to introduce more puts later. There was strong demand from EOE members for puts to allow them to carry out balanced investment policies, Mr. Ewold Brouwer, the EOE chairman, said here.

The scales of minimum commission for opening transactions will be reduced by an average of 20 per cent.

The EOE achieved premium turnover of Fl 100m ($50m) in its first nine months of operation, according to provisional figures. It is not yet covering its costs, but has full confidence in the future, Mr. Brouwer said.

Danske Bank pays unchanged dividend

By Our Nordic Editor

DANSKE BANK, the second of Denmark's big three commercial banks to report its 1978 results, proposes to pay shareholders an unchanged dividend of 12 per cent after showing net earnings improved by DKr 21m to DKr 253m ($48.7m). The total dividend payment will be DKr 90m.

The operating profit before depreciation climbed by [illegible] per cent to DKr 342m but depreciation charges and debt provisions have been increased by DKr 81m to DKr 145m. As extraordinary income also fell from DKr 30m to DKr 2m, the 1978 pre-tax result before adjustments for gains on security holdings comes out at DKr 199m against DKr 224m in the previous year.

The bank made unrealised gains on securities amounting to DKr 159m last year, compared with DKr 98m in 1977. Danish banks in their profit and loss accounts show the changes in the market values of their securities from year's end to year's end. Danske Bank's holdings of bonds and shares were valued at DKr 5.6bn on December 31.

The 1978 results give a net return on equity of 13.8 per cent and a pre-tax return of 27.3 per cent, including the unrealised security gains.

Sweden acts on liquidity

BY WILLIAM DULLFORCE IN STOCKHOLM

THE RIKSBANK, the Central Bank, yesterday announced increases in Swedish banks' liquidity ratios with effect from March 1. The ratios will be raised by 1 per cent for the three largest commercial banks and 2 per cent for the others.

This will be the fifth time the ratios have been increased since the beginning of 1978. The Riksbank action is designed to check inflationary trends and follows a 17 per cent growth in the money supply during 1978. With the budget deficit expected to approach Skr 40bn ($9bn) this year, further action by the Riksbank had been anticipated.

Since the start of 1978, the liquidity ratios for the two large private commercial banks, Skandinaviska Enskilda and Svenska Handelsbanken, will have been raised from 23 to 37 per cent. The ratios for the larger savings banks and co-operative banks will be 27 per cent from March 1.

SARMA to set up new plant in France

PARIS — S.A. de Recherche de Mecanique Appliquee (SARMA), in which Svenska Kullagerfabriken (SKF) of Sweden indirectly holds a 66 per cent interest, has announced that it intends to set up a new plant at Saint-Vallier, in south-eastern France.

The plant will manufacture connecting rods for planes and boats, and is expected to be operational by the end of this year. The company already has two plants in the area, manufacturing connecting rods and cables.

Meanwhile, SKF's French division, Cie d'Applications Mecaniques SKF, posted group sales of FFr 1.27bn ($300m) for 1976, up from FFr 1.16bn in 1977. The company is expected to post another loss for 1978, after having recorded a loss of FFr 31.9m in 1977.

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NORWEGIAN ELECTRONICS

Picking up the pieces at Tandberg

BY FAY GJESTER IN NORWAY

AFTER THE recent bankruptcy of Norway's Tandberg electronics group, a team of dedicated executives headed by Mr. Per Grude, a new board chairman brought in from outside the concern, has been working energetically to establish a new company which can continue production of Tandberg's most profitable lines. They are confident that they can succeed. Their efforts have, however, been attended by some problems and considerable confusion.

The state of affairs is well illustrated by the fact that Tandberg's receivers this week published a large advertisement in the Financial Times offering for sale all of the old group's assets. The advertisement appeared only five days after Norway's Parliament had voted to provide NKr 120m ($23.5m) of new capital to enable a re-organised Tandberg to function. Since the new company is using some of the plant and equipment offered for sale in the advertisement — at the moment, on a rental basis — its appearance at this juncture seemed like a declaration of no confidence in the newcomer's future.

In fact, the receivers' action indicates only that they are pursuing their goal — realising the old Tandberg's assets rapidly, and at the best possible price—regardless of how this may affect the new undertaking.

Three main product groups are being continued, under the re-organisation now emerging. Tandberg Industrier, a recently-formed holding company, in which the state-backed Industrial Aid Fund is, initially, the sole shareholder, will continue production of Tandberg educational aids such as learning laboratories and classroom tape-recorders and Tandberg's most advanced tape-recorders and high-fidelity audio products.

Mr. Trygve Stubberud, managing director of Tandberg Educational, points out that manufacture and shipment of educational products has never stopped, despite the crisis.

Tandberg learning laboratories—mainly used for language-teaching—have been one of the company's most profitable lines, ever since it began making them, more than 15 years ago. Most of them are exported—35 per cent to the UK, where Tandberg supplies about 90 per cent of the market. The flow of orders from all over the world is good, and the potential market is expanding. In 1978, Tandberg's educational aid sales reached around NKr 40m. About the same volume is expected this year.

"We want people to understand that we are very much in business and will remain so, despite what they may read," says the managing director of Tandberg's educational division. His confident attitude typifies the strenuous efforts being made by the management of the bankrupt electronics group to restore its financial health.

In addition, negotiations have been concluded on the establishment of another separate company, which will continue making data equipment. The owners of this company will be Siemens of West Germany—probably with a majority shareholding—and the Industrial Aid Fund. Siemens has already promised NKr 60m worth of orders annually for Tandberg data products.

Executives of Tandberg Industrier are convinced that their operation will also flourish.

Mr. Thomas Groth, marketing manager of Tandberg Electronics (the audio-products division), believes his division's sales this year will also match last year's NKr 60m. He expects to achieve this, despite the fact that there has been a break in output and shipments of some of these products because of component shortages which followed the bankruptcy. Now, however, output has resumed and the division has a satisfying volume of orders in hand.

Like the educational division, Tandberg Electronics sells most of its products abroad. About half its sales are to the U.S., 20 per cent to West Germany, and the rest mainly in other European countries. The re-organised company will be making a smaller range of products than the old Tandberg, concentrating on the most advanced, most expensive models.

The new slimmed-down Tandberg has every prospect of success, Messrs. Groth and Stubberud believe. The bankruptcy has resulted in a big reduction of the labour force (from 2,000 to under 500), concentration of production in one plant, and the elimination of all Tandberg's loss-making product lines.

Though Tandberg Industrier is currently renting the plant and equipment it needs, on a lease that runs to July 1, it will eventually purchase these from the receivers of the old Tandberg. Despite "for sale" advertisements in the press, the new company does not believe its premises will be sold to any other buyer.

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IRANIAN DEBT

International banking fears

BY JOHN EVANS

THE ONE thing the international banking community, grappling with a backlog of trade and debt transactions with Iran, has been eagerly awaiting for weeks is a firm directive from the country's central bank, Bank Markazi Iran, on tackling this growing problem.

Now, a cryptic telex containing instructions has been sent to a number of major Western banks by an "interim supervisory council" apparently installed at Bank Markazi. The result is that confusion and worry among banks reigns to an even greater degree. In fact, the telex does nothing to calm fears among foreign banks that the new Iranian Government could conceivably renege on debts undertaken under the Shah's regime.

The telex itself notes that, following the revolution, Iran's interests need to be protected by *making all* foreign exchange transfers and cash and deposits of Bank Markazi subject to the consent and authorisation of the "revolutionary leadership." The banks are asked to carry out all transfers and debits from Bank Markazi accounts they operate only with the prior consent of the interim council.

This means that the large amount of pre-authorised transactions which a central bank would normally arrange, in order to meet regularly-occurring trade, debt and payments commitments, are effectively frozen, until permission is obtained from Tehran. A portion of Iran's debt built up in the international syndicated loan markets in recent years, amounting to nearly $5bn, is already in a form of de facto default because principal and interest payments have been delayed or missed.

The new step by the council in a sense formalises the situation, and the foreign banks are obviously wondering what debt commitments will be honoured and what, if any, will be ignored. Some London bankers are concerned that Iran's leadership, under the Ayatollah Khomeini, may well decide to renege on debts incurred by the Shah's government which were not for the "overall good" of the Iranian people.

For instance, there is pessimism over the foreign obligations of the Pahlavi Foundation, officially a charity sponsored by the Shah's wealth, but in reality a major conduit through which economic influence was wielded by the ousted ruler. But even before drawing such conclusions, the banks must face a fundamental problem of whether to comply with the council's telexed instructions.

As international bankers wrestle with a backlog of Iranian trade and debt transactions, instructions to bankers emerging from Iran have left the situation more confused than ever.

The message did not carry a testing number, a normal international banking practice in verifying authenticity.

Additionally, it was not signed, and there is no certainty that the council has the backing of the Ayatollah's provisional Government. Some banks have sought clarification from the Bank Markazi since receiving the instructions last Monday. But the London branch of one of Iran's big commercial banks has decided to comply with the telex. The view there is that there may be a question of ultimate authenticity. But, in a volatile Iranian situation, there is no real alternative. Thus, it has decided to block payments and transfers on Bank Markazi's account util clearance is received.

The last part of the telex —to some banks a further worrying element—states that compliance with the council's request will obviously "make the continued co-operation of Bank Markazi with your bank easier." Foreign banks are aware that the Ayatollah's Government is anti-Western, and regards international banking operations with distrust. Since it became clear that an Islamic regime was heading for victory in Iran the banks have been anxious not to endanger relations with the new power structure in Tehran.

This is one reason why they have refrained from formally declaring a state of default on Iran's big international dollar loans, many of which are not being serviced regularly, despite the fact that Iran still has substantial assets in banks abroad.

At the very least, the banks are worried that they may well go to the bottom of the "queue" if and when Iran starts to normalise its international commerical relations. And the most pronounced fear.

However, some bankers do detect a glimmer of hope in Bank Markazi's new instructions. The backlog of international transactions, including an estimated 50,000 transactions at Bank Melli itself (which has been acting as a secondary central bank while Bank Markazi itself has been disrupted by internal strife) now represent a major claim on the country's currency reserves. These stand notionally at just over $10bn. Some calculations reckon that claims now due could absorb more than half of Iran's currency holdings very quickly.

With this background, bankers suggest the telex could be a tentative step towards restoring some order to Iran's disrupted commercial life, and a form of foreign exchange rationing may be underway at Bank Markazi. While the telex itself remains the centre of much speculation among the foreign banks, none so far appears to have decided to put any of its Iranian loans into formal default.

Iranians Bank, one of the country's small commercial banks, now says that the payment of an overdue dollar deposit, owed to Dow Banking Corporation of Zurich, is in the "pipeline."

This transaction was not related to the syndicated Euromarket loans market, where Iran has extensive borrowings. Dow Banking had taken preliminary court action to seek repayment of the dollars, the first publicised legal step by a Western bank over a defaulted transaction with an Iranian institution since the recent problems arose.

It also became clear in Tokyo this week that the Japanese banking community has aligned itself with its Western banking counterpart,s which are still taking a "wait and see" attitude over Iranian debt. The outstanding balance of loans supplied by Japanese financial institutions to the ousted Iranian government and private enterprises is estimated at between $600m and $700m, and there have been cases of delays on interest payments on some of these loans.

However, Japanese banks now hope for an early normalisation of political, administrative and economic life in Iran that will enable it to honour external debts.

Sharp recovery at Abercom

BY JIM JONES IN JOHANNESBURG

ABERCOM Investments, the diversified South African engineering group, made a sharp recovery in profits in the first half of the financial year after the sharp setback in 1977-78.

Net income for the six months to December 31 rose by 46.5 per cent to R3.48m ($3.9m), from R2.38m in the same period of the previous year. In the full 1977-78 year, the group's net income (before extraordinary items) fell by 54.9 per cent. to R3.65m, from R8.09m in 1976-77. Income before tax in the latest half was up 42.5 per cent, to R4.46m from R33.13m.

Turnover for the first six months rose to R59.5m ($70m), from R48.2m in the same period of the previous year and R50.8m in the six months to June 30 last year.

No divisional contribution to earnings is disclosed by the interim report but Mr Peter Herbert, the managing director, says that all divisions increased their contributions, with the emphasis on the group's South African operations.

Outside South Africa, the Rhodesian subsidiary produced results described as excellent, and would "continue to do so, given a relatively stable political situation in Rhodesia." The mining and industrial fan division, which contributed 29.5 per cent of turnover last year, was operating satisfactorily, and was expected to continue to do so providing conditions in the UK did not depress the Belfast plant's activity.

The recovery of Abercom's design engineering division, which produced 34.5 per cent of 1978's turnover is taking longer than expected, but Mr. Herbert is confident that by the end of the 1980 financial year, its performance should be more than satisfactory.

Meanwhile, the industrial and automotive springs division, which reported a R551,000 loss in 1978, moved strongly back to profitability. Demand for springs might be flattened by lower automobile industry demand for the remainder of the current year, but was not expected to cut profits below expectations.

At this stage, Mr. Herbert declines to make a profit forecast for the full year. But Abercom now tends to earn marginally more in the second half than in the first, and a repeat of the first half's R3.5m attributable earnings is apparently the group's target. After earnings of 26 cents and a total dividend of 17 cents per share in the year to June 30, 1978, the six months to December 31 resulted in per share earnings of 24.4 cents and an improved interim dividend of 10 cents (8 cents).

At 255 cents in Johannesburg the share price is unchanged

Turnround at Citicorp Australia

By Our Sydney Correspondent

CITICORP AUSTRALIA Holdings, the Australian offshoot of the U.S. Citibank Group, made a A$28.5m (U.S.$32.38m) turnaround in earnings during the 1978 year. The finance group, formerly IAC Holdings Ltd., earned a net profit of A$499,000 (U.S.$567,045) compared with the A$28m loss incurred in 1977.

The group's trading loss totalled A$4.5m, which included a first half loss of A$3.7m and second half setback of A$786,000. But this was more than offset by a A$5m tax benefit, of which A$1.7m represented an adjustment for 1976 realised foreign exchange losses and the remainder was a credit for past losses.

The main cause of the improvement was the sale of a number of real estate burdens which substantially reduced the level of non-accrual real estate loans from A$92m to A$59m. Subsequently the cost of borrowings to support these property loans has been cut from A$245m to A$181m, or from 29.8 per cent of net receivables to 20.3 per cent.

While relieving itself of these property burdens, Citicorp made strong inroads into vehicle leasing, personal loans, corporate leasing and other financial services. Corporate leasing doubled from A$41m toA$84m, vehicle leasing rose by 25.8 per cent to A$224m and personal loans by 47.9 per cent from A$73m to A$108m.

Overall, consumer receivables rose 17.1 per cent from A$683m to A$800m, corporate receivables doubled from A$47m to A$95m, bringing gross receivable up from A$975m to A$1,076m and net receivable from A$823m to A$893m.

Bankruptcy hits Japanese textile group

TOKYO — Pacific Tsusho K.K., a Japanese trading company capitalised at Y605m, has gone bankrupt with outstanding liabilities amounting to more than Y25bn ($125m) it has been announced here.

Teikoku Koshinsho, a private credit survey agency, said that the company filed for bankruptcy proceedings at the Tokyo District Court.

Pacific Tsusho incurred debts estimated at Y16bn, but when liabilities of its affiliates are included, the debts totalled more than Y25bn according to the agency.

The company had handled textile machinery, textile products, foodstuffs and sundry goods since its establishment in 1966. It registered an after-tax profit of Y523m ($2.6m) on sales of Y10.342bn ($52m) in the year to March. Recently, however, it had trouble in raising funds, industry officials said.

The company, which has established a business tie-up with E. I. Du Pont de Nemours of the U.S., had 13 subsidiaries in Japan and four in other countries, including Australia and Canada.

AP-DJ

Record quarterly sales for Pioneer Electronics

TOKYO — Pioneer Electronic Corporation, the Japanese manufacturer of audio equipment, raised its consolidated sales in the quarter ended December 31 by 2.4 per cent to a record for any quarter of some Y56.19bn ($284m), from Y54.87bn in the same period of the previous year.

Net profit totalled about Y3.02bn ($15.3m), to show a gain of 0.5 per cent from Y3.01bn.

Exports amounted to Y32.15bn, down 4.1 per cent from the Y33.54bn a year earlier. Domestic sales were Y24.04bn, up 12.7 per cent from Y21.33bn.

Sales improved in the quarter as the high-fidelity audio equipment market showed signs of recovery, Pioneer said. Sales of stereo systems and car stereo equipment were reported to be brisk.

In the overseas markets, however, sales declined from the year earlier level.

The company predicted that sales this quarter are expected to increase steadily, supported by good demand for high-fidelity equipment and car stereo sets.

● TOKYO — Mr. Teiichiro Morinaga, the Governor of the Bank of Japan, called yesterday for a cut in the yield on commercial debentures in order to make national bonds more attractive to investors.

Mr. Morinaga made the call in response to a question at an Upper House Finance Committee hearing on competition between the national bonds, which commercial banks and securities houses are required to underwrite for sales on the open market, and debentures issued by banks themselves.

Some Government bond prices have been falling in recent months.

AP-DJ.

CUB holds dividend despite higher excise tax

BY OUR SYDNEY CORRESPONDENT

AUSTRALIA'S LARGEST brewing company, the Melbourne-based Carlton and United Breweries (CUB), overcame a 12-week strike at its Brisbane plant to record a 9.5 per cent net profit rise in the six months to December 31. The result, up from A$9.5m to A$10.4m (US$11.8m), was achieved on a 16.6 per cent higher turnover figure of A$296m (US$336m).

The interim dividend is maintained at 5.5 cents a share, which is covered by earnings per share of 11.42 cents, against 10.46 cents at this time a year ago. CUB's result is after higher tax of A$9.28m (previously A$8.39m) depreciation of A$4.45m (A$3.95m), and interest charges which were steady at A$1.73m.

The directors, who have been campaigning against the higher Federal excise on beer introduced in the last Budget, said the group result "was adversely affected by the significant increase of 12.6 cents per litre (32 per cent) in excise tax."

Referring to the Brisbane strike they note: "Sales volume and profitability suffered." No mention is made of increased competition from the Melbourne-based Courage Breweries.

Amatil to raise A$20m from shareholders

Amatil, the Australian food and tobacco group, is making its first in-house debenture issue in two and a-half years, writes our Sydney correspondent. The 42 per cent owned BAT International company is to raise A$20m (U.S.$22.7m) with a cash and conversion offering to share, debenture and note holders. The rates have been pitched at a slightly higher level than the prevailing market offerings, so the prospects of full subscription seem good.

WORLD STOCK MARKETS

Early Wall Street decline on oil price news

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—88¾% (90¼%)

Effective $2.0040 45¼% (46¾%)

A TENDENCY to lower levels prevailed yesterday morning in light trading on the Wall Street stock markets, upset by news of *further increases in oil prices* by some OPEC nations and worries about scattered fighting in Iran.

The Dow Jones Industrial Average *slipped 3.81 to 825.97 at* 1 pm, while the NYSE All Common Index shed 19 cents to $55.23 and declines led gains by about a two-to-one margin. Trad*ing volume contracted sharply to* 14.43m shares from Wednesday's 1 pm figure of 17.66m.

Closing prices and market reports were not available for this edition.

Abu Dhabi and Qatar said they have raised the differential *premium they charge for light* crude oil, and oil analysts said Saudi Arabia has also increased *the premium or is about to do* so.

Further oil price increases would add to inflationary pressures. January wholesale prices, *announced last week, rose at a* double digit annual pace.

Caution ahead of the weekly banking figures and traded selling before the long holiday *week end were also hurting* prices, analysts commented.

El Paso topped the actives list but shed ¼ to $17¾. Blocks of 152,300 and 60,000 shares were traded at $17¾. **Northwest Airlines** lost ⅞ to $26¼. A block of 141,200 shares were moved at $26¾.

Colgate-Palmolive slipped ⅜ to $21¼. The company reported higher profits but said its net *growth slowed from previous* years.

Active **Ludlow** eased ⅞ to $17⅞, following Wednesday's 3⅝ advance on a rejected $19 a share *bid for its stock from Tyco* Laboratories. **Tyco** added ⅜ at $18¼.

Western Bancorp declined ½ to $24¼. A block of 133,200 shares changed *hands at $24½.* **R. J. Reynolds** were unchanged at $56¼ despite reporting lower final-quarter net profits. Gold stocks were weak in spite of *higher prices for gold bullion.*

A number of Glamour and growth stocks were weak, as were some basic metals shares. **Smithkline** retreated 1½ to $89⅞, **Du Pont** ½ to $132½, **IBM** ½ to $304¾, **Alcoa** ⅞ to $51⅞, **Eastman Kodak** ½ to $60 and **Polaroid** ⅜ to *$49⅞.*

THE AMERICAN SE Market Value Index was only 3 cents off at 162.13 at 1 pm after a thin business volume of 1.30m shares *(2.07m).*

Among the actives, **Tubos de Acero de Mexico** eased ¼ to $18⅞. **Houston Oil and Minerals** ½ to $17 ex-dividend, **Amdahl** ⅞ to $41¼ and **Syntex** ½ to $35¼.

A. T. Cross "A" lost ½ to $24 despite improved fourth quarter profits.

Breeze Corporation, however, moved ahead $2 to $13¼ *on a ten*-fold increase in December quarter profits.

Canada

Markets adopted an easier stance in moderate early trading, yielding to downward pressure from New York.

The Toronto Composite Index receded 3.4 to 1,376.5 at midday, while the Golds index declined 7.1 to *1,593.3. Metals* and Minerals 3.9 to 1,241.0, Utilities 0.49 to 200.42 and Papers 0.21 to 155.96. Oils and Gas, however, put on 2.4 to 1,981.5.

Traders Group "A" lost ½ to C$16⅝ on lower annual earnings, while **Inland Natural Gas**, which reported poorer six-month results, shed ½ to C$11⅜, but **Costain** added ½ at C$13¼ on higher profits.

Tokyo

Fresh "cheap" buying, particularly for Pharmaceuticals, Foods and some leading issues, produced a further recovery on *the Tokyo stock market yesterday.*

The Nikkei-Dow Jones Average advanced 40.90 more to 6,101.93 and the Tokyo SE index moved ahead 1.67 to 450.89. *Business* remained moderate, with volume reaching 250m shares (240m).

Oil Refiners, after Wednesday's reaction, gained ground on renewed buying, while Mining stocks also met support.

Kumagai-Gumi *moved ahead* Y15 to Y520, **Mitsui Mining** Y11 to Y388, **Fujiya Confectionery** Y39 to Y497, **Sony** Y30 to Y1,660, **Pioneer Electronic** Y40 to Y2,100, ***Nippon Oil*** *Y15 to Y759 and* **Toyota Motor** Y7 to Y855.

Recently-selected Non-ferrous Metals, Chemicals and Electric Power issues, however, closed *generally lower on profit-taking.*

Paris

There was a marked widespread retreat by Bourse prices *in an active business following* news that Abu Dhabi and Qatar have decided to increase their prices for light crude oil by 7.2 per cent.

Also depressing the stock market was the release, on Wednesday, of French unemployment figures, showing an unadjusted rise of 2.1 per cent in the number of job-seekers in January. An increase in the Call Money rate to 7 per cent from *6¾ had only a minor impact on* investors, brokers added. The Bourse Industrials index fell 2.3 to 71.5.

Electricals and Constructions were the weakest sectors.

SCOA, still affected by the announcement of poor 1977-78 financial results, lost 10 per cent more.

Auxiliare D'Enterprises fell 8 per cent, while **Bouygues** weakened 65 to FFr 720, **Dumez** 28 to FFr 547, **Michelin "B"** *34 to FFr 961, Peugeot-Citroen* 17.5 to FFr 357.0 and Aquitaine 26 to FFr 528.

Scoring moderate gains against the trend were the Portfolio companies Simnord, Silic and

Germany

Shares declined over a broad front, undermined by *fresh* Iranian worries. The Commerzbank index lost 6.6 to 792.3.

Among Engineerings, **KDH** receded DM3.50 and Linde DM4, while in the Motors sector, **Volkswagen** retreated DM2.60 and **BMW** ...DM5. **Schering** lost DM3.50 in Chemicals, **Siemens** DM2.40 in Electricals and **Thyssen** DM1.80 in Steels, **Bayerische Vereinsbank** shed DM6.

Public Authority Bonds remained depressed and recorded fresh losses ranging to 40 pfennigs. The Regulating Authorities purchased DM2.5m nominal of paper.

Hong Kong

Market rallied in moderate trading, mainly on technical influences but with sentiment helped by easier conditions in the local money market, which raised hopes that interest rates may remain stable. The Hang *Seng index improved 8.58 to* 538.95.

Among market leaders, **HK Wharf** rose HK$1.00 to HK$29.00, while **HK Bank** and **Swire Pacific** *gained 20 cents each to HK$18.70* and HK$8.45 respectively. **Jardine** and **Whelock** gained 10 cents apiece to HK$12.30 and HK$3.10, **Hutchison** firmed 7.5 cents to HK$4.375 and **HK Land** added 5 *cents at HK$8.10.*

Hang Seng Bank advanced HK$4.00 to HK$194.00 ahead of final results, due later this month, while **China Engineers** rose 7.5 cents to HK$2.375 and its parent **Sime Darby** 5 cents to HK$6.60 awaiting interim figures, due next Monday.

Australia

After Wednesday's sharp setback, markets showed some recovery yesterday in an active *trade, with* **BHP** and **CRA** rebounding sharply. The Sydney All Ordinary index rallied 4.11 to 573.07.

CRA, responding to a good *second-half profits recovery,* regained 17 cents to A$3.52 after the previous day's fall of 23 cents.

BHP more than recouped Wednesday's 18 cents decline and closed 22 cents up at A$9.88 ahead of interim results, due today.

Gold stocks returned to favour following the recovery in gold prices on international markets overnight, with **Central Norseman** *picking up 70 cents* to A$19.50, **GMK** 6 cents to A$1.01 and **Poseidon** 7 cents to 70 cents.

Copper shares improved despite a further downward *drift* in Copper prices on the London metal exchange. **MIM** rising 8 cents to A$3.03 and **Bougainville Copper** 4 cents to A$1.92.

Western Mining put on 7 cents to A$1.97, while among Uraniums, **Pancontinental** firmed *40 cents to A$11.80 and* ***EZ*** **Industries** 5 cents to A$3.30.

Kathleen Investments, however, receded 10 cents to A$3.25 and the parent company, **Queensland Mines**, also *eased following* Ampol Petroleum's denial of take-over suggestions.

Among Industrials, **Associated Pulp and Paper** advanced 14 *cents to A$2.32 on higher interim* profits and dividend.

Milan

Technical demand and support action by State Banks took prices mainly higher in active trading.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pts 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ▲ Interim since increased.

† Bid. ‡ Asked. § Traded. ‖ New stock.

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Banks Ltd.	13½%
Amro Bank	13½%
American Express Bk.	14 %
A P Bank Ltd.	13½%
Henry Ansbacher	13½%
Associates Cap. Corp.	14 %
Banco de Bilbao	13½%
Bank of Credit & Cmce.	13½%
Bank of Cyprus	13½%
Bank of N.S.W.	13½%
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14 %
Barclays Bank	13½%
Bremar Holdings Ltd.	14½%
Brit. Bank of Mid. East	13½%
■ Brown Shipley	14 %
Canada Perm't Trust	13½%
Cayzer Ltd.	14 %
Cedar Holdings	13½%
■ Charterhouse Japhet	13½%
Choulartons	13½%
C. E. Coates	13½%
Consolidated Credits	13½%
Co-operative Bank	*13½%
Corinthian Securities	13½%
Credit Lyonnais	13½%
Duncan Lawrie	13½%
The Cyprus Popular Bk.	13½%
Eagil Trust	13½%
English Transcont.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13½%
Greyhound Guaranty	13½%
Grindlays Bank	‡12½%
■ Guinness Mahon	13½%
■ Hambros Bank	13½%
Hill Samuel	§ 13½%
C. Hoare & Co.	†13½%
Julian S. Hodge	14½%
Hongkong & Shanghai	13½%
Industrial Bk. of Scot.	12½%
yser Ullmann	13½%
Knowsley & Co. Ltd.	14½%
loyds Bank	13½%
London Mercantile	13½%
Edward Manson & Co.	14½%
Midland Bank	13½%
■ Samuel Montagu	13½%
■ Morgan Grenfell	13½%
National Westminster	13½%
Norwich General Trust	13½%
P. S. Refson & Co.	13½%
Rossminster	13½%
Royal Bk. Canada Tst.	12½%
Schlesinger Limited	13½%
E. S. Schwab	14½%
Security Trust Co. Ltd.	13½%
Shenley Trust	14 %
Standard Chartered	13½%
Trade Dev. Bank	13½%
Trustee Savings Bank	13½%
Twentieth Century Bk.	14½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%. 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½% and over £25,000 11¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 11%.

Wheat pact collapse warning

By Our Commodities Staff

THE COLLAPSE of negotiations for a new international wheat agreement leaves the world unprepared in the event of a widespread crop failure, Mr. Edouard Saouma, director-general of the UN Food and Agriculture Organisation, warned yesterday. He said past experience had shown a world food crisis could quickly develop.

Mr. Saouma claimed the difficulties already faced by food deficit countries would be aggravated in the absence of a more effective and stronger food aid convention to meet the agreed target of 10m tonnes.

In Washington, Mr. Bob Bergland, U.S. Agriculture Secretary, commented: "We are back to square one and need to look at all the options," Reuter reported. "One option could be to have a wheat pact without the EEC or other countries with which no agreement could be reached."

Indian tea export duty abolished

New Delhi — India has abolished the Rs2 a kilo export duty on tea in an attempt to boost international sales, the finance ministry announced here yesterday.

A ministry statement said exports of Indian tea had dropped sharply in the current financial year. Against sales of 220m kilos last year, only 79m kilos had been sold in the first six months of this financial year from April 1, 1978.

The Government has taken a series of measures over the last six months to help tea exporters. In September, the export duty was reduced to Rs2 from Rs5 a kilo and last month excise duty on packaged tea was cut. Reuter

No decision yet on nickel

By Our Commodities Editor

A DRAFT CONTRACT for the proposed nickel futures market on the London Metal Exchange is virtually completed, with only a few adjustments required, Mr. Ian Foster, chairman of the LME management committee, said yesterday.

He emphasised that no decision had been taken whether to go ahead with the introduction of the market.

Zaire cut puts copper price up

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES jumped on the London Metal Exchange yesterday following news of a cut-back in Zaire production and reports of a ship carrying Zambian copper sinking off the Spanish coast. Cash wirebars closed £46.5 higher at £968.5 a tonne.

New York copper prices, which rose on Wednesday, moved further ahead last night. Asarco lifted its domestic copper price up by one cent to 88 cents a pound after previously cutting prices from a record 90 cents to 87 cents.

London opened on a higher note, reflecting the trend in New York, and was then boosted by reports that a ship from Dar es Salaam believed to be carrying 8,000 tons of copper, as well as coffee and zinc, had sunk.

A further rise was encouraged by a Reuter report from Brussels that Zaire's production of refined copper had been reduced by 50 per cent this month. The state metals trading company, Sozacom, blamed reduced production on delays in deliveries of raw materials used in the refining process and said the temporary fall would bring output down to about 7,500 tonnes a month. Sozacom added, however, that it had no intention of declaring *force majeure* on contracted deliveries.

Market reaction was that even at 15,000 tonnes a month Zaire production would be well below even the most pessimistic expectations. But Sozacom later claimed that production of copper concentrates, and cobalt, was normal and not affected by the fall in refined output.

The rise in copper, after two days of sharp falls, helped rally other metals too. Cash lead shot up by £25.5 to £524.5 a tonne, encouraged by reports of buying interest from Eastern Europe. Cash zinc rose by £6.75 to £398.75 a tonne, as several other producers raised their official European quotation to $800 a tonne. Aluminium gained £24.5 to £733.5 a tonne on fresh buying, and tin was up by £45 to £7,225 a tonne following a steep rise in the Penang market overnight.

Silver values also advanced strongly following the rise in gold. The bullion spot quotation was raised by 15.7p to 363.05p an ounce at the morning fixing and values moved further ahead in the afternoon with the Metal Exchange cash price closing at 369.25p, 15.2 higher on the previous close.

Slow progress at cocoa pact talks

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS HERE to conclude a new international arrangement to regulate the world's cocoa market are progressing at a painfully slow pace, and early optimism of some Western delegations is turning into apprehension about the prospects.

The four-week talks close at the end of next week, and both producers and consumers report that the substantive economic issues have not yet been discussed.

At first glance, negotiators appear to have made significant progress because only about half-a-dozen of the planned agreement's 71 articles remain unsettled.

But these are the vital economic provisions which will determine the shape of the entire accord, and how significantly it will differ from the existing 1975 arrangement expiring on September 30.

Not only have delegations not yet begun negotiations on figures, such as the maximum and minimum price range to be maintained by the accord, but also basic conceptual differences persist between the producing and consuming countries.

While it is too early to predict whether an agreement will be concluded by Friday next week, a pall of increasing pessimism is settling in the conference room.

Quota talks on coffee expected

By Richard Mooney

A SPECIAL MEETING of the International Coffee Organisation's executive board is expected within two weeks to discuss ways of limiting the decline in world prices.

Having failed to agree on effective "floor" and "ceiling" prices at its negotiating session last September, the International Coffee Council decided that a new executive board meeting should be called if the 20-day average of Arabica and Robusta prices on the New York physical market moved more than 15 per cent above or below the average for the 20 days either side of the meeting.

This average worked out at 128.78 cents a lb. Yesterday's 20-day average was calculated at 128.98 cents and following further sharp falls in New York today's price is expected to fall below the reference level.

The new meeting will give producers another chance to press for early introduction of export quotas, but this pressure is certain to meet strong resistance from consumer members.

Particular difficulties would be met with regard to U.S. imports. Congressional approval has not yet been given for the U.S. to take part in any arrangements to limit world trade in coffee.

Bid to end jute strike failing

By Our Own Correspondent

MR. KRISHNAPADA GHOSH, West Bengal's Labour Minister, who has been holding informal discussions in Calcutta with representatives of jute mill labour and owners, has almost given up his effort to bring about a settlement of the strike which has been going on since January 5.

According to an industry spokesman there is still no common ground on which the talks can fruitfully proceed. Meanwhile the jute industry has lost production of 150,000 tonnes of jute goods and a lot of overseas business.

Raw jute dealers and growers have been hit by the strike too. Fibre prices have fallen by R30 to Rs 40 a quintal in Calcutta with sharper falls in the rural areas. Raw jute w5 grade which is the barometer of the fibre market is now quoted at Rs 197 as against Rs 225-30 before the strike.

GRAIN TRADE

Winter havoc worsens

BY CHRISTOPHER PARKES

AS BRITISH farmers wait for the snow to clear to give them an opportunity to assess the damage caused by the winter weather to their autumn-sown grain crops, French merchants are increasingly busy scooping up large purchases of seed to plant in their own frost devastated fields in the spring.

Prices are climbing rapidly and some varieties of wheat and barley seed are no longer available. One London broker who was quoting £125 a tonne for barley seed five weeks ago is now asking as much as £160. And a leading merchant said spring wheat seed prices could go as high as £200.

Yesterday the U.S. Department of Agriculture estimated that 350,000 hectares of wheat and 100,000 hectares of barley had been damaged by the cold in the southern and eastern parts of the Paris Basin.

It said about 10 per cent of French winter plantings had been hit and potential losses could be as high as 5m or 7m tonnes. Last year French farmers harvested a record 43.5m tonnes.

The French growers' association (AGPB) put the losses even higher, claiming that 700,000 hectares had been damaged, 13 per cent of the national total.

A London broker said French buyers had virtually cleared the market of wheat seed for spring sowing. Fortunately, spring wheat is not a popular crop in Britain because of the risks attached to growth in the UK climate. Shortages are therefore not likely to harm British farmers.

BRITISH FARMERS are demanding increases of more than 10 per cent in the support prices for grain, milk, beef, sugar and other commodities covered by the Common Agricultural Policy.

Mr. Richard Butler, president of the National Farmers' Union, said yesterday that British producers needed either a "green pound" devaluation of more than 10 per cent or a combination of devaluation and increases in "common" farm prices to produce the same result.

Dismissing the Government's plan for a 5 per cent adjustment in the green rate as "inadequate" Mr. Butler said prices needed a much bigger boost if farmers were to maintain net margins in real terms this year.

"There's been a vast export trade going for about a fortnight now," a broker commented. About two weeks ago, it was reliably estimated that about 15,000 tonnes of seed had been shipped to France to relieve the current difficulties. Since then, he said, another 5,000 to 10,000 tonnes had probably been sold although not all of it had been shipped.

His own company had been involved in shipping more than 400 tonnes a week for the past few weeks.

Spring barley seed was also in demand. Varieties Georgie and Aramir were popular buys and the French had also started on Athos.

Seed producers were more circumspect in their estimates of the amount leaving the country. Officials at RHM, for example, claimed that only 5,000 tonnes had been shipped.

They had heard rumours on the other hand that exports were as high as 30,000 tonnes.

Spring wheats were very scarce, they added, selling at about £170 a tonne and prices could go as high as £200.

French maltsters were also said to be setting aside malting barley in the hope that the French Government might allow that to be used for seed.

The French Government has applied to the EEC Commission for permission to bend Community rules and use spring wheat from the human food market for seed. British traders expected the derogation to be granted and were ready to ship parcels of milling quality grain across the Channel.

Worth about £110 to £120 a tonne in the flour market, this grain could fetch about £180 a tonne ex-store if sold for seed, one leading trader said.

He also suspected that some dealers were already cashing in on this market and ignoring Common Market rules.

RHM officials warned that the UK had to be careful to ensure it did not sell too much seed corn abroad. Most of the autumn-sown grain in this country is still under snow and farmers have no real idea of how much damage has been caused by the alternating bouts of snow, thaw, freeze, wind and rain.

The Ministry of Agriculture said yesterday it was too early to tell if many plants had been killed, although it had some indications of losses in the coastal areas of East Anglia.

Uncertainty clouds grain trade

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

TO A farmer, and I suspect to the majority of merchants as well, the only certain thing about the present state of the grain trade is that no one really knows what is happening.

After a record harvest of 17.4m tonnes, according to the Ministry, trade was very slow in the autumn and early winter. Indeed trade was very slack until the end of the year, when demand for barley began to pick up.

For the last few weeks buyers have been almost frantically looking for supplies and prices have risen strongly. The trade says this is because farmers won't sell on a rising market, but my belief is that there is not much left to sell.

All sorts of reasons are given for the situation, ranging from the lorry drivers' strike, the hard winter causing more home feeding, exporters caught short: and speculation influencing the market.

All these factors are probably present, but the most likely cause is that the harvest was nothing like as heavy as the estimate given by Ministry statisticians.

The 1978 barley crop was said to be just over 10m tonnes, half a million lower than the 1977 crop. But it is probable that the actual out-turn was much less than that. The latest figure for stocks on farms shows a decline of 800,000 tonnes below last year. This also could well be an optimistic forecast.

The stock-on-farm figure usually, in my experience, overestimates the actual tonnage. There has also been, according to the trade, a rather higher offtake to maltings particularly in the South, mainly because of the poor barley harvest in the North-East and Scotland.

Barley yields in the South, except for winter barley, were well down because of the poor spring.

My pessimistic guess would be that the barley crop was really between 9 and 9.5m tonnes.

This uncertainty about barley or any grain yields is very pertinent to a seminar by the Institute of Marketing in London this month.

Mr. A. Wright, of the European Commission, forecast that before long surplus supplies of grain would become a source of "mountains" in the Community as embarrassing as the present heap of butter. Grain output is rising year by year at an average rate of 1 per cent, and in 1978-79 it is estimated Community output in total exceeded demand.

Other speakers at the seminar supported this view and gave little hope of the competing cereal substitutes being kept out. Even of these imports were restricted the relief would be short-lived in view of the continuing increase in yields.

The Commission's anxieties about long-term surpluses of grain are well known. There are now hints of "set asides" and other measures to restrict production, possibly based on the American model.

Meanwhile the UK seed trade is in a difficult situation. Granting of plant breeders' rights a dozen years ago has led to a massive investment in the development of new varieties.

The EEC regulations, which coincided with the rights, seemed to guarantee a captive market, as only certified stock can legally be traded. As a result farmers have been bombarded by a confusion of new varieties, many of them only marginally better than those they are supposed to replace.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher in active trading on the London Metal Exchange. Forward metal rose throughout the day reflecting a strong performance by overnight U.S. markets, reports that a ship carrying 8,000 tonnes of copper had sunk off the coast of Spain and reports that Zaire is cutting back production of refined metal for this month by 50 per cent. After opening at £957 forward metal moved up to the day's high of £987, before easing a shade to close at £982 on the late kerb. Turnover: 28,200 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	957-.5	+47.7	968-9	+46.5
3 months	971.5-2	+35.2	983-4	+44.2
Settlem't	957.5	+57.5		
Cathodes				
Cash	950.5-1.5	+58.5	960.5-.5	+49.7
3 months	964-5	+55	[illegible]	+46.7
Settlem't	951.5	+58.5		
U.S. Smt.	...	...	87-89	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £955, 956, 57, three months £965, 66, 66.5, 67, 68, 69, 68, 69, 70, 71, 70, 70.5, 71, 71.5. Cathodes, cash £950, 50.5, three months £963, 64, 65, 65.5, 66. Kerb: Wirebars, three months £975, 74, 73, 72.5, 72, 72.5, 73. Afternoon: Wirebars, three months £980, 79, 78, 78.5, 79, 80, 79.5, 80, 81, 80.5, 81, 82, 82.5, 83, 83.5, 83. Kerb: Wirebars, three months £985, 84, 85, 86, 85.5, 85, 85.5, 86, 87, 86.5, 86, 85.5, 86, 85.5, 84, 85, 84.5, 83, 82, 83, 82, 81, 82, 81.5.

TIN—Firmer in quiet trading. Forward standard metal opened higher at £7,180 and edged up to £7,200, reflecting a rise in the Penang market, the strength of copper and a fairly tight nearby position. The market failed to hold this level, however, as freer offerings of cash material coupled with profit-taking pared the price to around £7,170 on the late kerb. Turnover: 1,230 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7250-60	-45	7210-40	-50
3 months	7200-10	+47.5	7195-215	+55
Settlem't	7260	+50	—	......
Standard				
Cash	7230-40	+40	7215-35	+45
3 months	7180-90	+47.5	7175-80	+42.5
Settlem't	7240	+40	—	......
Straits E.	$*1900	+17		
New York	—	.....		

Morning: Standard, three months £7,170, 80, 7,200, 10, 7,200, 7,195, 90, 80. High Grade, cash £7,370, 7,350. Afternoon: Standard, three months £7,195, 7,200, 7,175. Kerb: Standard, three months £7,170.

LEAD—Gained ground in line with copper. After opening at £477 forward metal advanced to the day's high of £495 following short covering before easing to close at £491 on the late kerb. Turnover: 898 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	517-8	+21	524-5	+25.5
3 months	488.5-9	+18.5	494.5-5.5	+22.7
Sett'ment	518	+21	—	......
U.S. Spot	—	......	48-4	......

Morning: Cash £517, 18, three months £486, 87, 87.5, 87, 86.5, 87, 87.5, 88, 89. Kerb: Three months £489, 88, 87, 88. Afternoon: Cash £524, three months £491, 93, 94, 94.5, 93, 92, 93, 94, 94.5, 95. Kerb: Three months £495, 94.5, 94, 96, 94.5, 92.5, 92, 91.

ZINC—Firmer but quiet. Forward metal rose from £408 to £414 on the pre-market, but the market failed to hold this level as profit-taking pared the price to around £408 on the late kerb. Turnover: 5,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	398-9	-11.2	398-9.5	+6.75
3 months	412.5-3	+11.6	412.5-3	+7
S'ment	399	+11.5	—	......
Prim.west	—	......	38.5-7.5	......

Morning: Cash £398, three months £412, 11, 10.5, 11, 11.5, 12, 13, 13.5, 13, 12.5. Kerb: Three months £413. Afternoon: Mid-May £414, three months £414, 15, 14.5, 13.5, 13. Kerb: Three months £412, 11, 10, 9, 8, 9.

ALUMINIUM—Very firm and active. Forward material moved ahead strongly from £716 to £725 on the pre-market reflecting the general strength of other base-metals. After a slight setback to £723 in the early afternoon the price picked up again to touch a day's high of £731.5 before easing to close at £726 on the late kerb. Turnover: 5,300 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	724-5	+27.5	732-5	+24.5
3 months	724-.5	+18	729-.5	+20.7

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Cash £725, three months £724, 23, 24, 23, 24, 25, 26, 25.5, 25. Afternoon: Three months £727, 28, 29, 30, 31, 32, 31.5, 31, 30.5, 31, 30, 29.5. Kerb: Three months £730, 29, 27, 26.

SILVER

Silver was fixed 15.7p an ounce higher in the London bullion market yesterday at 363.05p. U.S. cent equivalents of the fixing levels were: Spot 726.5c, up 31.4c; three-month 743.0c, up 32.6c; six-month 758.3c, up 33.7c; and 12-month 785.6c, up 35.0c. The metal opened at 364¼-366¾p (732-735c) and closed at 368¼-370¼ (739-743c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	363.05p	+15.7	369.25p	+15.2
3 months	372.65p	+16.4	380.25p	+15.7
6 months	383.35p	+16.5	—	......
12 months	401.55p	+17.2	—	......

LME—Turnover 260 (216) lots of 10,000 ozs. Morning: Three months 374.5, 74.2, 74, 74.1, 74.2. Kerb: Three months 374.5, 74.7, 75, 75.2, 75.5. Afternoon: Three months 380, 80.2, 80, 79.8, 79.5, 79.8, 80, 80.2, 80.3. Kerb: Three months 381, 80.6, 80.5.

COCOA

Cocoa futures were erratic throughout the day, closing in the middle of the day's range, marginally higher than the previous levels, reports Gill and Duffus.

Futures prices remained steady throughout the day to close slightly below the day's highs, reflecting renewed commission-house buying.

COCOA	Yesterday's Close	+ or —	Business Done
March	1750.0-53.0	+26.0	1762.0-732.0
May	1798.0-99.0	+26.5	1805.0-772.0
July	1828.0-25.0	+29.0	1826.0-792.0
Sept	1851.0-56.0	+24.5	1865.0-825.0
Dec	1901.0-03.0	+27.5	1904.0-880.0
March	1922.0-24.0	+20.5	1925.0-910.0
May	1940.0-54.0	+25.5	1935.0

Sales: 3,075 (5,316) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price Feb. 14 157.06 (155.80). Indicator prices Feb. 15: 15-day average 155.76 (155.77); 22-day average 157.76 (158.18).

COFFEE

Robustas opened unchanged and the only feature during a quiet morning session was commission-house selling being well absorbed by trade buying, reports DBL. Persistent selling from one quarter was prominent in the afternoon as values fell £20-£30 in active trading to close £8 up to £28 lower.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1555-1556	—28.5	1416-1560
May	1298-1299	—23.0	1330-1290
July	1263-1266	—18.0	1192-1150
September	1235-1237	—8.5	1161-1120
November	1203-1208	—10.5	1130-1200
January	1183-1190	......	1198-1155
March	1155-1165	—7.5	1130-1145

Sales: 6,920 (4,828) lots of 5 tonnes.

ICO Indicator prices for Feb. 14 (U.S. cents per pound). Colombian Mild Arabicas 134.00 (128.00); unwashed Arabicas 127.00 (128.00); other mild Arabicas 121.50 (121.83); Robustas ICA 1976 132.00 (132.50); Robustas ICA 1968 132.50 (133.00). Daily average 129.08 (130.31).

RUBBER

UNCHANGED opening on the London physical market. Fair interest throughout the day, closing uncertain. Lewis and Peat reported the Malaysian godown price was 245 (246) cents a kilo (buyer, February).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	60.50-60.70	60.05-60.20	60.40-59.75
April	61.25-61.50	60.50-61.00	61.30-61.25
Apr-Jne	61.90-62.00	61.25-61.50	61.75-61.35
Jy-Sept	63.70-63.80	63.05-63.20	63.90-63.20
Oct-Dec	65.70-65.75	65.20-65.25	65.80-65.20
Jan-Mar	67.65-67.70	67.10-67.20	67.75-67.30
Apr-Jne	69.65-69.70	69.10-69.15	69.65-69.35
Jy-Sept	71.60-71.65	71.10-71.20	71.65-71.20
Oct-Dec	73.65-73.70	73.20-73.25	73.70-73.45

Sales: 312 (448) lots of 15 tonnes and 50 at 5 tonnes.

Physical closing prices (buyers) were: Spot 59.75p (same); March 59.75p (59.5p); April 60.6p (60.25p).

SOYABEAN MEAL

The London market opened with gains of £1.50-£2 on renewed commission-house buying. Further advances were met with trade selling, and the market eased from highs to close at opening levels.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
February	133.50-138	−2.0	—
April	130.50-30.6	+1.4	131.50-28.50
June	131.80-32.0	+2.0	133.00-30.50
August	132.30-32.8	+1.6	133.00-32.50
October	131.70-32.1	+1.9	132.00-31.60
December	129.50-30.5	+1.5	129.00
February	129.50-31.5	+1.75	—

Sales: 105 (2,486) lots of 25 tonnes. reports Gill and Duffus

SUGAR

LONDON DAILY PRICE (raw sugar): £99.00 (£98.00) a tonne cif for Feb-March shipment. White sugar daily price was fixed at £104.00 (£105.00).

The market opened around overnight levels and later moved somewhat higher following renewed c/house buying, reports C. Czarnikow. There was no after-hours trading in London due to adverse weather conditions.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	104.50-04.65	105.00-05.25	104.75-03.80
May	110.15-10.25	109.50-09.55	110.75-08.50
Aug.	114.95-15.00	112.90-13.00	115.25-15.50
Oct.	117.90-17.95	115.85-15.95	118.00-16.95
Dec.	120.40-20.45	118.60-18.90	120.00-19.50
March	125.25-25.70	123.55-23.90	125.50-24.00
May	127.50-28.05	126.03-26.55	—

Sales: 2,695 (3,232) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was 168.00 (168.50) a tonne for home trade and £264.85 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Prices for Feb. 14: Daily 7.91 (8.09). 15-day average 7.75 (7.72).

WHITE SUGAR—Close (in order buyer, seller, business, sales). April 105.00, 105.85, 106.25-106.05, 58; July 111.05, 111.50, 112.00-110.00, 184; Sept. 116.30, 116.50, 116.25-115.75, 130; Nov. 120.00, 120.50, 120.75-119.00, 96; Feb. 127.75, 128.25, 128.85-127.00, 25; April 131.50, 132.50, nil, nil; July 133.00, 138.00, nil, nil. Sales: 493.

COTTON

COTTON—Spot and shipment sales in Liverpool amounted to 401 tonnes, bringing the total for the week so far to 1,813 tonnes. Persistent interest was shown in a number of varieties, stimulated by the relatively high cost of the raw material. Both African and Latin American supplies were in constant request.

GRAINS

EEC Grains—EEC levies and premiums effective for Feb. 16 in order current levy plus March, April and May premiums, with previous in brackets. All in units of account per tonne. Common wheat—85.28, 0.61, 0.61, 6.54 (85.28, 3.22, 3.22, 6.85). Durum wheat—134.52 (134.52). Rye—86.07, 7.00 (93.98, 6.69).

IMPORTED—Wheat: CWRS No. 1 13½ per cent unquoted; U.S. Dark Northern Spring No. 2 14 per cent March 92.50, second half March/first half April 91.25, transhipment East Coast; U.S. Hard Winter 13½ per cent Feb. 90.50, March 88.25, transhipment East Coast.

EEC—Maize: U.S./French Feb. 109.50, March 110.50 transhipment, East Coast; S. African White April 75.50 Glasgow; S. African Yellow April 70.50 Glasgow.

Barley: English feed fob March 95.50, April 96.50, paid April/June 98 seller East Coast.

HGCA—Location ex-farm spot prices. Feed wheat: N. Lincoln, 90.20; Hants and W. Sussex: 90.40. Feed Barley: N. Lincoln 86.50; Hants and W. Sussex 88.50.

Grains opened 20-30p higher on old crops and good trade was seen at these levels, but commercial selling eased the market in good volume before lunch to trade 75p lower on wheat and 85-90p lower on barley. In the afternoon session the market rallied on further short-covering in values, increased slightly to close 35p lower on wheat, and 35-40p lower on barley. New crops 10p higher on wheat but values eased slightly to close 20p down. Barley opened unchanged. Values eased initially to trade 20-30p lower, but steadied slightly to close 15p lower on Sep; to unchanged on Nov. and Jan.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales) Micron Contract. March 363.0, 365.0, 363.0-362.5, 27; May 369.5, 370.0, 369.5-367.0, 51; July 376.5, 378.0, 377.0-376.5, 20; Oct 379.5, 380.5, 380.0-376.5, 52; Dec. 380.5, 381.0, 381.0-379.5, 48; March 386.0, 387.0, 386.5-385.5, 14; May 389.2, 389.5, 389.2-386.5, 34; July 391.0, 392.5, 392.0-389.5, 25. Sales: 271.

LONDON GREASY—Close (in order buyer, seller): March 220.0, 228.0; May 228.0, 235.0; July 228.0, 237.0; Oct 231.0, 240.0; Dec 232.0, 240.0; March 234.0, 244.0; May 235.0, 244.0; July 236.0, 247.0. Sales: Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): March 180.0, 185.0; May 186.0, 188.0; July 186.0, 190.0; Oct 190.0, 194.0; Dec. 190.0, 196.0; March 191.0, 197.0; May 193.0, 199.0; July 193.0, 199.0. Sales: Nil.

*

HIDES—Manchester. Firmer. Second clear ox 31/35.5 kilos, 82.3p a kilo; 26-30.5 kilos, 92.5p; 22/25.5 kilos 103.7p. Light cows, 103.0p a kilo.

*

GRIMSBY FISH—Supply good, demand moderate. Prices at ship's side (unprocessed) per stone: Shelf cod £3.30-£4.00; Codlings £2.80-£3.40; Large haddock £3.80-£5.00; Medium haddock £4.50-£4.90; Small haddock £3.40-£3.80; Large plaice £3.00; Medium plaice £3.30; Best small plaice £3.60; Rockfish £2.80-£3.30; Reds £2.50-£3.30; Saithe £2.00-£2.20.

*

Live cattle—Feb. 65.85-66.10 (65.75). April 67.10-67.00 (66.22). June 63.75-66.65. Aug. 67.20-67.15. Oct. 65.70-65.55. Dec. 67.05 bid-67.10. Jan. 67.70. Feb. 68.60. April 69.60-69.40. June 70.00-69.80. Sales: 30,037.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0 to 59.0. Eire hindquarters 62.0 to 64.0. Eire forequarters 43.0 to 46.0. Veal: English fats 76.0 to 82.0. Dutch hinds and ends 92.0 to 99.0. Lamb: English small 58.0 to 62.0. English medium 54.0 to 60.0. English heavy 46.0 to 57.0. Scotch medium 54.0 to 60.0. Scotch heavy 48.0 to 56.0. Imported frozen: N.Z. PL new season 48.0 to 51.0. N.Z. PM new season 49.0 to 51.0. Pork: English, under 100 lb 36.5 to 45.0. 100-120 lb 35.0 to 43.5. 120-160 lb 35.0 to 42.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian. 120s 4.25-4.50; Cyprus: Trays 3.30-4.00, cartons 80/180s 3.50-6.50; Spania: Trays 30/40/45 1.60-1.80. Oranges—Spania: Navels/Navelines 3.60-4.00; Israeli: Shamouti 3.95-4.85; Cyprus: 3.00-4.20; Moroccan: Navels 3.60-3.80; Egyptian: Baladi 3.00-3.30. Sevilles—Spanish: Sours 3.80. Clementines—Spania 5.00-5.50. Satsumas—Spania: 3.00-3.50. Mandarins—Spania: 3.60-4.20. Grapefruit—Cyprus: 2.40-3.80; Israeli: Jaffa 27/88 3.45-4.05. Apples—French: Golden Delicious 40lb 138/175s 4.00-4.50, 20lb 72s 2.15-2.30, 84s 1.80-2.00; Granny Smith 40lb 138/163 4.60-5.80, 20lb 72s 2.70-2.80, 84s 2.30-2.40, jumble pack per lb 0.08-0.11. Starking Delicious 40lb 150/175s 3.60-4.20; Stark Crimson 40lb 138/163s 4.30-5.00, 20lb 84s 2.00-2.40, 72s 2.40-2.70. Hungarian: Starking Delicious 40lb 5.60. Pears—Per lb, Italian: Passacrassane 0.13; Dutch: Conference 0.12-0.13. Plums—S. African: Per lb Santa Rosa 0.30-0.40, Gaviotas 0.40-0.45. Bananas—Jamaican: Per lb 0.12-0.13. Pineapples—S. African. 10/11s 3.50-3.80; Ivory Coast. each 0.40-0.90.

English produce: Potatoes—Per 25kg 1.70-2.10. Lettuce—Per 12 round 1.40-1.50. Mushrooms—Per lb 0.60-0.70. Apples—Per lb Bramley 0.05-0.10; Cox's Orange Pippin 0.07-0.16; Spartan 0.06-0.10. Pears—Per lb Conference 0.11-0.16, Comice 0.20-0.24. Cabbages—Per net 2.80-3.00. Beetroot—Per 28lb 0.90-1.00. Carrots—Per 28lb 1.30-1.80. Onions—Per 28lb 1.50-2.40. Rhubarb—Per lb 0.3-0.24. Swedes—Per 28lb 1.00-1.20. Turnips—Per 28lb 1.20-1.30. Parsnips—Per 28lb 1.50-1.80. Sprouts—Per lb 0.18-0.22. Cucumbers—Tray

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb.15 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cif)	$1,570/90	......	$1,240/65
Copper			
Cash w'bar	£968.5	+46.5	£825
3 mth „	£983.5	+44.25	£840.75
Cash Cathode	£961.75	+49.75	£808
3 mth „	£975.25	+46.75	£827.5
Gold troy oz	$247.625	+7.25	$228.625
Lead cash	£524.5	+25.5	£486.5
3 mth	£495	+22.75	£452.5
Nickel	£2320.69	......	
Freemkt(cif)(lb)	$1.85	......	$1.69
	1.95	......	1.75
Platin'm tr'y oz	£164.5	......	£152
Free mkt	£205.5	+7.15	£181.7
Quicksilver	$215/25	+5.0	$200/210
Silver troy oz	363.05p	+15.7	308.2p
3 months	373.65p	+16.4	316.4p
Tin cash	£7,225	+45.0	£6,715
3 mths	£7,177.5	+42.5	£6,662.5
Tungsten	$134.14	......	$140.39
Wolfrm 22.04 cif	$122/28	+2.5	$127/135
Zinc cash	£398.75	+6.75	£365.75
3 months	£412.75	+7.0	£378.25
Producers	$760	......	$720
Oils			
Coconut (Phil)	$995r	+58.0	$1,070
Groundnut		......	
Linseed Crude	£404	......	£369
Palm Malayan	$710r	+14.0	$635
Seeds			
Copra Philip	$680p	+10.0	$685
Soyabean (U.S.)	$308.25	+11.95	$292
Grains			
Barley Futures	£93.2	—0.55	£86.45
Maize			
French No 3 Am	£109.5	......	£107.5
Wheat			
No. 1 Red Spg.	‡	......	£87.25
No2HardWint.	£90.5	......	£93.5
Eng. Milling †	£96.5x	......	
Other commodities			
Cocoa ship't	£1,803	+24.0	£1,891
Future May	£1,799	—26.5	£1,848.5
CoffeeF't'rMay	£1,298.5	—23.0	1,336.5
Cotton 'A' index	77.05c	+0.75	76.45c
Rubber kilo §	59.75p	......	55p
Sugar (Raw)	£99	+1.0	£94
Wooltp's 64s kl	274p	+5.0	268p

* Nominal. † New crop ‡ Unquoted. p April-May r Feb.-March. s March. v March-April. w April. x Per ton. z Indicator. § Buyer.

AMERICAN MARKETS

NEW YORK, Feb. 15.

Lard—NY prime steam 26.50 traded (26.75 nom.).

Copper—Feb. 86.20 (82.90). March 88.20 (83.20). April 86.65. May 87.10. July 87.25. Sept. 87.10-87.25. Dec. 86.75-86.80. Jan. 86.75. March 86.65. May 86.55. July 86.45. Sept. 86.35. Dec. 86.20.

Potatoes Round Whites—March 6.02-6.03 (5.93). April 6.20-6.25 (6.08). May 7.21-7.25. Nov. 5.62. March 6.40-6.42. April unquoted. May 7.96-7.97. Sales. 2,145.

Cocoa—March 157.45 (154.50). May 159.75 (156.50). July 162.00. Sept. 163.75. Dec. 165.55. March 166.80. May 167.85. Sales. 1,088.

CHICAGO, Feb. 15.

‡‡Maize—March 237-237¼ (237½). May 247½-247¼ (247¼). July 252¾-253. Sept. 256¾-256¾. Dec. 260¾-261. March 268½-268½.

‡Wheat—March 362½-362¼ (362½). May 344¼-344¾. July 322¾. Sept. 324¾. Dec. 335¾. March 345.

‡Soyabeans—March 750-748 (757). May 765-762 (773). July 774½-772. Aug. 765. Sept. 718. Nov. 698-696½. Jan. 705. March 714.

||Soyabean Meal—March 197.50-197.40 (196.50). May 200.50-200.70 (198.80). July 203.50-203.20. Aug. 201.00. Sept. 196.00-196.50. Oct. 192.00. Dec. 192.00-192.10. Jan. 192.30. March 193.00-194.00.

Soyabean Oil—March 27.60-27.70 (27.77). May 27.70-27.75 (27.88). July 27.65-27.70. Aug. 26.35. Sept. 26.25-26.20. Oct. 25.20-25.15. Dec. 24.75. Jan. 24.55. March 24.50. May 24.35-24.45.

Lard—Loose lard 25 cents per pound.

Plywood—March 21.69 (48.95). May 21.88-21.87 (48.65). July 21.73. Sept. 21.42-21.38. Nov. 21.17 bid. Jan. 21.20 bid. March 21.20 bid.

Pork bellies—Feb. 69.75-69.80 (67.80). March 69.25-69.15 (67.52). May 70.35-70.25. July 70.25. Aug. 68.45. Sales. 5,681.

Shell Eggs—Feb. 57.50 (58.10). March 54.80-54.75 (54.90). April 50.75. May 50.10. June 50.55. Sept. 58.00. Dec. 59.70. Sales. 151.

Live hogs—Feb. 57.00 (56.10). April 53.35-53.40 (52.62). June 55.25-55.17. July 55.35-53.40. Aug. 52.55. Oct. 50.00-50.05. Dec. 50.65. Feb. 49.35. April 47.10 asked. Sales. 7,174.

Wednesday's closing prices

NEW YORK, Feb. 14.

Cocoa—March 154.50 (153.00). May 156.50 (155.25). July 158.50. Sept. 160.50. Dec. 162.40. March 163.70. May 164.75. Sales: 911.

Cotton—No. 2: March 65.65-65.70 (64.52). May 67.70-68.00 (66.78). July 69.20-69.70. Oct. 66.75. Dec. 65.60-65.65. March 66.60-66.65. May 67.60 bid. July 68.50 bid. Sales: 9,550.

*Gold—Feb. 245.90 (239.00). March 246.50 (239.90). April 248.50-249.50. June 253.00-254.00. Aug. 257.50-258.60. Oct. 263.00. Dec. 266.00-267.00. Feb. 273.00. April 275.60. June 280.20. Aug. 284.90. Oct. 289.60. Dec. 294.30. Sales: 31,000.

Orange Juice—March 114.00-114.50 (113.00). May 116.00 (115.60). July 117.60. Sept. 118.50. Nov. 113.25-113.40. Jan. 108.75. March 108.75-109.00. May 108.75-109.00. July 108.75-109.00.

*Platinum—April 410.00-412.00 (404.50). July 410.00-412.50 (404.20). Oct. 413.40-413.60. Jan. 414.80-415.30. April 416.00-416.20. July 417.30 bid. Oct. 418.00 bid. Sales 2,973.

Sugar—No. 11: March 8.38-8.39 (8.38). May 8.78-8.79 (8.78). July 9.07-9.08. Sept. 9.28-9.29. Oct. 9.39-9.40. Jan. 9.45-9.70. March 10.00. May 10.18-10.20. July 10.25-10.35. Sales: 5,520.

Copper—Feb. 82.90 (81.70). March 83.20 (82.00). April 83.65. May 84.10. July 84.25. Sept. 84.25. Dec. 84.00. Jan. 84.00. March 84.00. May 84.00. July 83.95. Sept. 83.90. Dec. 83.75. Sales: 8,000.

CHICAGO, Feb. 14

Pork Bellies—Feb. 67.90-67.92 (65.92). March 67.45-67.62 (65.77). May 68.80-68.65. July 68.62-68.60. Aug. 66.75-66.85. Sales: 5,709.

Live Hogs—Feb. 56.05-56.15 (55.57). April 52.60-52.85 (52.15). June 54.30-54.40. July 54.55-54.50. Aug. 51.90-51.70. Oct. 49.45. Dec. 49.52. Feb. 49.00. April 46.70 asked. Sales: 6,202.

Plywood—March 21.50-21.45 (21.51). May 21.50 (21.38). July 21.50. Sept. 21.10 bid. Nov. 20.90. Jan. 20.95 bid. March 20.95 bid.

Shell Eggs—Feb. 58.10 (57.80). March 54.90 asked (54.40). April 50.60. May 50.00. June ——. Sept. 57.80. Dec. 59.50. Sales: 161.

Soyabean Oil—March 27.77-27.77 bid (26.77). May 27.88-27.88 bid (26.88). July 27.82 bid. Aug. 27.55 bid. Sept. 26.50 bid. Oct. 25.80. Dec. 25.25-25.30. Jan. 25.00-25.10. March 24.90-25.00.

||Soyabean Meal—March 196.70-196.30 (192.20). May 199.70-199.40 (195.40). July 202.00-202.30. Aug. 201.00. Sept. 196.00. Oct. 191.50-191.30. Dec. 191.50-191.20. Jan. 193.00. March 193.50-193.80.

WINNIPEG, Feb. 14. §Rye—May 105.30 bid (104.10). July 104.30 bid (103.10). Oct. 106.90 bid. Dec. 107.00.

§Oats—March 85.90 bid (85.70 bid). May 83.80 bid (83.20). July 82.60 bid. Oct. 83.40 bid. Dec. 83.30 bid.

§Barley—March 78.20 bid (77.80 bid). May 79.50 (78.90-79.00). July 81.40 asked. Oct. 84.60 bid. Dec. 84.40 bid.

§Flaxseed—May 356.50 (349.00 bid). July 351.00 bid (343.00). Oct. 346.50. Nov. 339.50 bid. Dec. 340.00 bid.

‡Wheat—March 100.70 (99.20 bid). May 100.70 bid (99.10). July 101.00 bid. Oct. 104.00 bid. Dec. 102.60.

Rapeseed—March 334.90 (326.10 bid). June 333.50 asked (325.00 bid). Sept. 321.70 asked. Nov. 321.70 asked. Jan. 316.70.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents (2,000 lbs). § $Can. per metric ton. per 60-lb bushel. || $ per short ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

PARIS, Feb. 15

Cocoa—March 1437-1440: 1438-1440-1439 paid. May 1466-1468, 1465 paid. July 1460-1500. Sept. 1545-1555. Dec. 1530-1550. March 1535-1565. Sales. 40. Accumulative total 123.

Sugar (FFr per 100 kg)—March 892-892p. May 914-915 with 913-914p. July 930-935. Aug. 958-980. Oct. 987-990. Nov. 980-985. Dec. 1005-1010. March 1040-1045. Sales at call 17.

Soyabeans—U.S. two yellow Gulf ports—Feb. $302.50. March $305. April $308.75. May $309.75. June, July, Aug. $313.50. Sep. $305.50. Oct. $281.25. Nov. $280. Dec. $282.75. Jan. $286.25. Feb. $289.25. March $290.25.

INDICES

FINANCIAL TIMES

Feb. 14	Feb. 13	M'nth ago	Year ago
266.01	264.97	258.83	226.04

(Base: July 1, 1952=100)

MOODY'S

Feb. 14	Feb. 13	M'nth ago	Year ago
1033.7	1030.6	992.9	907.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 14	Feb. 13	Month ago	Year ago
Spot	382.06	378.58	375.16	348.39
F'tur's	377.47	377.61	369.62	329.40

(Average 1924-25-26=100)

REUTERS

Feb. 15	Feb. 14	M'nth ago	Year ago
1528.3	1519.5	1496.7	1401.0

(Base: September 18, 1931=100)

N. American fish dispute

THE CANADIAN and U.S. Governments have announced that they have settled their East Coast fishing dispute and will submit overlapping boundary claims in the region to arbitration.

CONTRACTS AND TENDERS

PUBLIC NOTICES

Pressure on inflation rate and worries about profit margins lead to downturn in Gilts and equities

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 29	Feb. 8	Feb. 9	Feb. 20
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets made a less cheerful showing yesterday with the hopes that short-term interest rates had peaked replaced by fears about the early onset of a sharp rise in price inflation and worries about the outlook for *corporate profits. News that* the Price Commission's latest monthly index of retail prices showed its biggest rise for over two years and pointed to a sharp worsening in inflation over coming months generated nervousness which was exacerbated by the Governor of the Bank of England's reference in his Birmingham speech to the importance of maintaining fiscal and monetary targets even though this might squeeze industrial profits.

Gilt-edged were unsettled at the start by the announcement that the Government Broker had run out of supplies both of the short tap and of the unofficial short tap. The announcement induced a small sell-off in places, but quotations soon settled down in adjustment to the old tap, Treasury 12 per cent 1983 which closed 1/16 harder at 93 1/16, and generally ended with mixed price changes limited to ⅛. A notable exception was provided by the newly exhausted Exchequer 3 per *cent 1981 which put on 1¼ to 85.* Trading after the early flurry was featureless, particularly in the tapless longs, with activity curtailed by *fairly confident expectations* of an early announcement of fresh supplies of tap stock.

The Bank of England's decision to smooth the money market's operations by temporarily reducing banks' special deposits *had no apparent impact on sentiment,* while the money supply figures were no worse than expected and also left the market unmoved.

Sentiment in equities was, however, adversely affected by the tougher stance adopted by the Price Commission in reportedly refusing to allow increases for oil and beer prices. Leading issues *met only light selling, but prices* were quick to react as recent buyers went to ground. The FT Industrial Ordinary share index was at its lowest for the day at 1 pm when it was 6.9 off and the close was 450.6 for a net fall of 6.8 after its two-day rise of 11.3.

Falls in FT-quoted industrials outnumbered rises by two-to-one as against the seven-to-two majority in favour of rises which *prevailed the previous day.* Official markings amounted to 4,474.

Institutional selling coupled with the weakness of the dollar saw the investment currency premium drift from an early level of *90 per cent to touch 88¼ per cent* before closing a net 1½ down at 88¼ per cent. Yesterday's SE conversion factor was 0.6850 (0.6806).

A moderate level of activity in the Traded options market saw *757 deals completed as opposed to* Wednesday's 683 and last week's average of 844. Grand Metropolitan were the most active *stock, recording 233* contracts.

Lloyds easier

The Bank of England's decision to make a temporary reduction in special deposits had little impact on the major clear*ing banks which closed easier* for choice, apart from NatWest which hardened 2 to 287p. In front of today's preliminary results, Lloyds softened 5 to 280p, as did Midland, to 355p while Barclays shed 3 to 375p. Elsewhere, Wintrust, at 87p, gave up 2 of the previous day's rise of 3 which followed the interim results and proposed 20 per cent scrip issue.

Buyers came for Edinburgh and General in Insurance brokers and left a close of 38p, *up 4. Dull of late following a* poor set of quarterly figures from its Canadian subsidiary, Stenhouse rallied 2 to 88p in response to the chairman's encouraging AGM statement. Elsewhere, Royals came on offer at 325p, down 8; the annual results are due on March 1.

Brewery leaders generally closed easier reflecting reports that the Price Commission had banned the proposed 3p per pint increases by Bass, 6 down at 158p, and Whitbread, 2½ off at 96p. *Among Distilleries,* Amalgamated Distilled Products slipped 3 to 34p, still awaiting news of Mr. James Gulliver's interest in the company.

Disappointment with the profits and dividends forecast which accompanied the announcement *of a proposed £18m rights issue* prompted marked weakness in Taylor Woodrow which encountered *fairly persistent selling and* closed around the day's lowest at 347p, down 33p. Other leading Building issues took a distinct turn for the worse as scattered offerings found the market unwilling. Blue Circle gave up 8 to 244p and Tunnel "B" 6 to 276p, while Tarmac eased 4 to 154p. Against the trend, Wm. Whittingham moved up 3 to 48p in response to the good results and Crouch Group firmed 2 to 66p on news of the American office property acquisition. Fresh support in an extremely thin market lifted Brown and Jackson 10 more to 300p.

Lack of fresh investment demand and occasional selling caused a reaction of 6 to 357p in ICI. Other Chemicals to give *ground included* Fisons, 15 lower at 280p, and Hickson and Welch, 9 cheaper at 200p, the latter following the chairman's annual statement.

Waring and Gillow down

In Stores, Waring and Gillow relinquished 4 to 125p on news that a fire at its store in Reading has left damage estimated at £½m. Further profit-taking in MFI Furniture after the recent good advance left a close of 222p, down 5, while J. Hepworth cheapened 3 to 69p and Status Discount gave up 4 to 238p. Customagic, up 3 late the previous *day, improved a penny further to* 23p, after 24p, on news of the minority cash offer of 24p per share from Mooloya.

Leading Electricals came under occasional light selling pressure. GEC reacted to 317p before settling at 318p for a fall of 5, while Thorn fell 4 to 388p and losses of 2 were marked against EMI, 124p, and Plessey, 103p. *Elsewhere, the trend was irregular.* Eurotherm encountered further investment support and closed 8 to the good at 285p, after 290p. Kode improved 3 more to 164p and Racal edged up 4 further to 358p. On the other hand, news that Mr. G. Rose had sold his holding in the company prompted dullness in Crellon which gave up 3 to 14½p.

The announcement that the projected merger with GEC had been referred to the Monopolies Commission caused a flurry of *selling in Averys* which fell away to 190p before recovering to settle at 197p for a fall of 11. Elsewhere in the Engineering sector, leading issues gave ground, but the overall trend was no worse than mixed. Hawker reacted 8 to 200p and Tubes eased 4 to 346p. Press comment on the annual results caused a reaction of 4 to 52p in Birmid Qualcast, *while Westland closed 2 cheaper* at 42p following the chairman's statement at the annual meeting. Serck were dull at 58½p, down 5½p, but Expanded Metal hardened a penny to 70p in response to acquisition news. Other firm spots included Drake and Scull, 40p, Mining Supplies, 130p, and Carlco, 84p, all around 2 better.

Quietly dull conditions prevailed in the Food *share market.* Among the scattered losses, J. Sainsbury gave up 5 to 235p and Rowntree Mackintosh 7 to 375p. Hotels were also inclined easier, Trust Houses Forte, 260p, and Grand Metropolitan, 116p, both *shedding 2.*

Glaxo retreat

Miscellaneous Industrial leaders took a turn for the worse yesterday when, after an early mark-down, prices continued to *ease on small selling following* the recent technical rally. Glaxo led the retreat at 465p, down 12, while Beecham lost 9 to 608p and Unilever 6 to 536p. Elsewhere, still reflecting news of the bid approach from RFD, Lindsay and Williams gained 4 for a two-day advance of 32 at 96p, while Kean and Scott, currently the subject of a cash offer of 10p per share *from Mr. Mostyn Levein,* attracted renewed speculative support and jumped 6 to 32p. Abel Morrall put on 5 to 50p and *H. Goldman encountered support* at 20p, up 2. Channel Tunnel, however, after touching 103p, ran into profit-taking and closed a net *5* down at 95p, while John James relinquished 3 to 49p following comment on the interim results. Still concerned about the Iranian problems which have delayed publication of the company's accounts, Bath and Portland lost 2 to a 1978-79 low of 43p, while Glass and Metal cheapened a like amount to 92p on further consideration of the disappointing results. Halma Investments dipped 4 to 40p and Kelsey Industries declined 5 to 131p.

The Leisure sector was featured by speculative counters, Samuelson Film Service added another 5 for a three-day gain of 18 to 173p, while Management Agency and Music put on 6 to 127p for a two-day rise of 14. *Holiday concerns* continued to benefit from good bookings with Horizon, 45p, and Saga, 188p, rising 3 and 2 respectively.

Following reports that the talks with Rockwell could well result in a full takeover offer for the company, dealings in Wilmot Breeden were restored from the opening and following active trading the shares finished 7 better at 88½p, after 90p. Elsewhere, Motors were quietly easier. Lucas, 287p, Associated Engineering, 90p, and Dowty, 257p, all relinquished a couple of pence. Among Distributors, T. Cowie met profit-taking after Wednesday's Press tip, and shed 1½ to 45p.

International Thomson remained dull, losing 6 for a two-day fall of 13 to 329p. In contrast, printers and stationers McCorquodale rose 13 to 293p following the emergence of buying ahead of the capital restructuring expected *shortly.* Satchi and Saatchi were also in demand.

Properties reacted in places from the recent firm levels which have reflected hopes that interest rates may have peaked.

Oils react afresh

Leading oils encountered fresh scattered profit-taking after an initial modest mark-up in response to favourable Press mention. British Petroleum started the day at 968p but drifted *back to* 958p before steadying towards the close and finishing without alteration at 964p. Shell, however, ended 6 cheaper at 628p, after 635p. Among the recent high fliers in secondary issues, Siebens (UK) dropped 18 to 280p and Lasmo 7 to 156p.

Still unsettled by comment on the first-half results, Dalgety *cheapened 3 more to 314p among* Financial Trusts where Kakuzi came on offer at 110p, down 5. Elsewhere, Japanese issues *moved against the trend with* GT Japan closing 3 harder at 179p and Jardine Japan 2 dearer at 158p.

Shippings were featured by a gain of 10 in Milford Docks making a two-day rise of 23 at 190p still on speculation concerning the recent 6 per cent taken in the company by Scanoil. Reardon Smith A edged forward a penny to 41p but P & O Deferred declined 2 to 78p.

Modest rally in Golds

After losing ground for two days, South African Golds yesterday staged a modest rally reflecting the $7.25 improvement in the bullion price to $247.625 per ounce.

Interest in the share market, however, remained at minimal levels with prices additionally held back by the lower investment currency premium. The Gold Mines index put on 1.0 to 175.6 *while the ex-premium index* was 1.5 higher at 120.3.

Among heavyweights, Vaal Reefs and Randfontein both added ⅜ at £16⅜ and £33½.

South African Financials moved similarly to Golds. Johannesburg buying lifted UC Investments by 8 to 280p but profit-taking left Union Corpora*tion 2 cheaper* at 358p. "Johnnies" hardened ⅛ to £17⅛ on consideration of the increased profits.

The London-registered Financials generally lost ground in line with the downturn in UK equities. Charter fell 4 to 145p, after 144p and Rio Tinto-Zinc 3 to 275, after 274p, but the firmer bullion price encouraged some late buying of Gold Fields, which closed a penny better on balance at 204p, after 201p.

A strong performance by overnight *Sydney and Melbourne* markets more than offset the fall in the premium and Australians consequently made good progress.

Conzinc Riotinto, 6 up at 296p, continued to reflect satisfaction with the 1978 results. Base-metal producers showed MIM Holdings 3 firmer at 254p and Western Mining 2 harder at 165p. *A return to work at the* Bougainville *mine left the shares 3 up* at 162p. Among the more speculative issues, Oilmin advanced *6 to 32p following provincial* buying.

FINANCIAL TIMES STOCK INDICES

—	Feb. 15	Feb. 14	Feb. 13	Feb. 12	Feb. 9	Feb. 8	A year ago
Government Secs.	65.19	65.39	65.18	64.89	64.80	64.84	74.71
Fixed Interest	66.03	66.21	66.03	65.77	66.08	65.97	77.56
Industrial	450.6	457.4	455.4	446.1	450.7	448.9	455.0
Gold Mines	175.6	174.6	177.0	177.4	174.0	178.6	156.6
Gold Mines (Ex-$ pm)	120.3	118.8	120.1	120.5	119.3	122.5	116.5
Ord. Div. Yield	6.30	6.21	6.24	6.37	6.32	6.34	5.89
Earnings, Y'ld % (full)	16.46	16.23	16.31	16.65	16.53	16.59	17.94
P/E Ratio (net) (*)	7.88	7.99	7.95	7.79	7.85	7.82	7.87
Dealings marked	4,474	4,852	5,232	5,733	5,824	5,300	5,577
Equity turnover £m.	—	84.65	75.32	73.00	96.02	104.29	69.53
Equity bargains total	—	15,177	13,485	13,914	14,957	18,307	14,321

10 am 456.1. 11 am 454.0. Noon 451.3. 1 pm 450.5.
2 pm 450.8. 3 pm 450.9.
Latest Index 01-246 8026.
*Nil = 7.66

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/5. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (8/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8/78)	134.1 (28/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	152.3 (14/8/78)	90.3 (18/4/78)	337.1 (3/4/74)	54.3 (26/6/78)

S.E. ACTIVITY

	Feb. 15	Feb. 14
—Daily		
Gilt Edged	158.0	210.4
Industrials	137.1	151.7
Speculative	37.3	37.0
Totals	101.6	112.7
5-d'y Av'r'ge		
Gilt Edged	193.7	195.2
Industrials	159.2	166.7
Speculative	46.7	52.6
Totals	116.6	120.5

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
BP	£1	12	964	—	970	720
Shell Transport	25p	11	628	−6	634	484
GEC	25p	9	318	−5	349	233
Beecham	25p	8	608	−9	726	581
ICI	£1	8	357	−6	421	328
Wilmot-Breeden	25p	8	88½	+7	90	55
Dunlop	50p	7	61	−1	90	60
Fisons	£1	7	280	−15	394	280
Mn. Agy. & Music	10p	7	127	+6	130	69
P. & O. Defd.	£1	7	78	−2	118	76½
RTZ	25p	7	275	−3	284	164
Royal Insurance	25p	7	325	−8	425	325
Averys	25p	6	197	−11	242	142
BAT Inds.	25p	6	293	—	346	260
Lucas Inds.	£1	6	287	−3	336	240

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (35)

CANADIANS (2): Gulf Oil Canada, Imperial Oil
BUILDINGS (3): Breedon Lime, Whittingham (W.), Brown & Jackson
CHEMICALS (1): Thurgar Bardex
STORES (1): Customagic
ELECTRICALS (3): Arlen Elect., Kode Intl., Eurotherm
ENGINEERING (2): Carclo Eng., Drake & Scull
FOODS (1): Carr's Milling
HOTELS (1): De Vere
INDUSTRIALS (7): British Vita, Security Serv. A N-V, Centreway, Silverthorne, Lindsay & Williams, Uniflex, Securicor A N-V
INSURANCE (1): Edinburgh Gen. Inv.
LEISURE (3): Hawley Leisure, Samuelson Film, Man. Agcy. Music
MOTORS (2): Plaxton's, Wilmot-Breeden
NEWSPAPERS (1): Independent
PAPER (1): Saatchi & Saatchi
PROPERTY (4): Estates & General, U.K. Property, Imry Property, Utd. Real Property
SHIPPING (1): Milford Docks
MINES (1): Westmex

NEW LOWS (15)

COM'WEALTH & AFRICAN LOANS (1): S. Rhod. 2½pc '65-70
CHEMICALS (1): Fisons
STORES (2): Currys, Debenhams
ENGINEERING (2): CompAir, Serck
INDUSTRIALS (3): Bath & Portland, Redfearn Nat. Glass, Martin-Black
INSURANCE (1): Royal Insurance
NEWSPAPERS (1): Utd. Newspapers
PAPER (2): Bunzl Pulp, Waddington (J.)
OILS (1): Royal Dutch
OVERSEAS TRADERS (1): Mitchell Cotts

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

Quieter conditions than of late prevailed in the option market with calls in Christopher Moran, Peak Investment, MFI, Town and City, Siebens, Spillers, Leboff Fobel, MEPC, Lonrho, William Press, Britannia Arrow, UDT and Blackwood Hodge. A put was reported in MFI, while doubles to be arranged included BOC, Lonrho, Norvic, Rolls-Royce and Valor.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	13	69	9
Corpns. Dom. and Foreign Bonds	6	10	43
Industrials	201	427	894
Financial and Prop.	83	169	317
Oils	2	16	21
Plantation	8	5	21
Mines	60	34	57
Recent Issues	3	4	25
Totals	333	722	1,382

APPOINTMENTS

Hawker Siddeley group posts

Sir Rowland Wright and Mr. Quinton Hazell have been appointed non-executive directors of the HAWKER SIDDELEY GROUP. Sir Rowland was chairman of Imperial Chemical Industries from April 1975 until his retirement from the company in March 1978. He was subsequently elected chairman of Blue Circle Industries. Mr. Hazell was until 1973 chairman and managing director of Quinton Hazell. Since 1973 he has been chairman of Supra Group.

★

Mr. John Pashley, who was appointed to the Board of CLIFTON INVESTMENTS on January 18, 1979, has tendered his resignation from that Board with effect from February 14. The group said yesterday that because of his other business ventures he felt that he would not be able to give sufficient time to the affairs of a public company.

★

Mr. Alec Porter has been appointed director, branch operations of CRANE FRUEHAUF. He joined the company in 1973 as service director.

★

Mr. H. R. Cowley has been appointed technical director, and Mr. P. G. Anderson export sales director of the contractors plant division of STOTHERT AND PITT.

★

Mr. Guy Beylier has been appointed by SPERRY RAND to the new corporate post of staff vice president, corporate affairs Europe from April 1 based in Brussels. He was previously a senior executive in the European operations of Sperry's farm equipment division, Sperry New Holland.

★

Mrs. Janet Hewlett-Davies has been appointed director of information of the DEPARTMENT OF THE ENVIRONMENT. She will succeed Mr. Neville Taylor, who is to be director of information at the Department of Health and Social Security. Mrs. Hewlett-Davies has been head of information for the Department of Transport since 1976.

★

Mr. Colin Black has been elected a director of ELECTRA INVESTMENT TRUST. He is chairman and investment director of Electra Group Services.

★

Mr. Ceri Thomas has been appointed personnel director and will join the Board of GRATTAN WAREHOUSES and its subsidiaries on April 2. Mr. Thomas joins Grattan from Dunlop, where he is the personnel director of the UK Tyre Group. *Mr.* K. M. Gray, who has been responsible for personnel, will continue as a director and as the company secretary.

★

Mr. B. A. Dawson, assistant general manager of the Kuwait Investment Office, and Mr. D. F. Buchanan, investment manager of that Office, have been *appointed directors of the* PROPRIETORS OF HAY'S WHARF. The Kuwait Investment Office owns 32.9 per cent of *Hay's Wharf.*

★

Mr. J. R. Wheat has been elected financial director and company secretary of FIRTH BROWN CASTINGS. Mr. E. Overton, has been appointed works director.

conditions.
MACH. 23 ... ...

Mr. D. A. Ross Stewart has been appointed a non-executive member of the Board of BRUNTONS (MUSSELBURGH).

★

HENRY BOOT FOUNDRY has appointed three executives to the Board. They are Mr. P. F. Winters (marketing director), Mr. D. R. Shipley (Commercial) and Mr. J. W. Rhodes (technical).

★

Mr. John A. Godley is to become managing director of COUCHMEAD. He joins the company from IPC Business Press.

★

Mr. J. Maguire has been appointed sales and marketing *director of WEBB INTERLININGS,* a subsidiary of the Hollas Group. He was formerly a director and company secretary of Kufner UK and Eire.

★

Mr. Andrew Nichols, financial *controller of BRIXTON ESTATE,* has been appointed a director of all subsidiaries in the UK, Belgium, France, Germany and *Holland.*

★

Mr. Leonard Pagliero has taken up the new appointment of director of the FEDERATION OF WHOLESALE AND INDUSTRIAL DISTRIBUTORS. For the last 28 years Mr. Pagliero has been director of the British Stationery and Office Products Federation.

★

Mr. Joe L. Gormezano has been appointed chief executive of QUINTON HAZELL AUTOMOTIVE. Mr. Gormezano, who was director of international operations with the Automotive Products Group, has also been made *a director of Quinton Hazell,* a subsidiary of Burmah Oil. He will be directly responsible to Mr. Ray Sollett, chief executive *of QHL.*

★

Mr. Duncan Black has been appointed deputy managing director of COMPOWER, the National Coal Board's computer bureau subsidiary. He was previously general manager, operations.

★

Mrs. Norah Tew, chairman of *Norah Tew (London), has been* appointed the first woman member of the COUNCIL OF AIMS. Mr. Lawrence W. Orchard, chairman, Berec Group, and Mr. Adam K. Bergius, chairman of William Teacher and Sons, have become members of the Council. Mr. Bergius also succeeds Mr. Harold Whitson as chairman of the Scottish Committee of Aims. Mr. *Whitson retains his seat on the* Council as well as the Scottish Committee.

★

Lady Ellerman, the widow of Sir John Ellerman, has been appointed to the non-executive position of president of ELLERMAN LINES.

★

Mr. H. M. Newton-Clare has been appointed *a* director of J. E. SANGER LTD. and Mr. R. A. Thornton has resigned for personal reasons.

★

Mr. John F. Hings, at present marketing director of H. P. Bulmer, will join the Board of MANSFIELD BREWERY COMPANY in July to become group managing director in October. Mr. Tony Scruby will be retiring, but will remain non-executive chairman of R. L. Jones and Co.

BANK RETURN

—	Wednesday February 14, 1979	Increase (+) or Decrease (−) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	24,498,100	− 2,126,025
Special Deposits	1,146,875,000	+ 34,315,000
Bankers Deposits	409,645,108	− 58,226,643
Reserves & other Accounts	630,357,289	− 66,114,598
	2,225,928,497	− 92,152,226
ASSETS		
Government Securities	1,841,181,088	− 76,949,999
Advances & Other Accounts	203,500,947	− 3,669,487
Premises, Equipment & Other Secs.	172,524,829	− 9,844,272
Notes	8,499,290	− 1,704,650
Coin	222,343	+ 16,142
	2,225,928,497	− 92,152,266
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,800,000,000	—
In Circulation	8,791,500,710	+ 1,704,650
In Banking Department	8,499,290	− 1,704,650
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,450,894,536	− 284,183,455
Other Securities	1,338,090,364	+ 284,183,455
	8,800,000,000	

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	850	123	5	141	—	153	—	962p
BP	900	77	10	102	—	122	—	"
BP	950	37	5	67	1	87	—	"
BP	1000	15	21	40	5	66	—	"
Com. Union	160	1½	—	4	25	7	—	142p
Cons Gold	160	47	5	50	—	—	—	202p
Cons Gold	180	27	1	33	—	41	—	"
Cons Gold	220	5	19	10½	22	16	—	"
Courtaulds	100	6½	—	10½	10	12½	—	105p
Courtaulds	110	3	5	6½	—	8	—	"
Courtaulds	120	1	—	2½	20	4½	—	"
GEC	330	9½	1	25	3	34	—	318p
GEC	360	3	20	11	5	—	—	"
Grand Met.	100	17	40	20	—	23	—	116p
Grand Met.	110	7	1	11	7	16	—	"
Grand Met.	120	3	135	6	50	9½	—	"
ICI	330	30	18	45	8	51	—	356p
ICI	360	10	10	25	8	33	5	"
ICI	390	3½	33	11½	—	17½	11	"
Land Secs	220	44	3	50	—	—	—	259p
Land Secs	260	10	34	18½	—	27	—	"
Shell	550	82	33	100	—	112	—	627p
Shell	600	33	5	59	—	75	—	"
Shell	650	10	39	31	11	40	—	"
Totals			441		174		16	
		February		**May**		**August**		
BOC Intl.	60	9½	4	13	—	14½	—	69p
BOC Intl.	70	½	4	5	—	6½	—	"
Boots	220	¼	—	2½	5	6½	—	189p
EMI	120	—	—	12	—	15	4	125p
EMI	130	1	10	7	—	10	—	"
Imperial Gp	80	3	25	7½	—	10½	—	80p
Imperial Gp	90	¼	—	3	—	4½	50	"
RTZ	220	56	5	64	—	66	—	275p
RTZ	260	16	7	31	—	36	—	"
RTZ	280	3	7	18	—	26	5	"
Totals			52		5		59	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	20/2	111	68	Caledonian Hldgs.	110s	......	4.75	1.6	9.9	9.4
"	F.P.	16/2	132	118	Hunting Assoc. Defd.	121	+1	......			
—	F.P.	—	104	89	††IAS Cargo Airlines	95	−1	F8.8	3.7	4.4	(10.8)
"	F.P.	9/2	37	31	M.Y. Dart Defd.	35	......	......			
110	F.P.	17/1	136	116	Milletts 20p	128	......	b5.7	1.8	6.7	12.2
95**	Nil	—	5pm	3½pm	Sedgwick F.New10p	3½pm	−1½	T5.0	2.1	7.6	9.3

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price £	+ or −
‖	F.P.	16/2	109p	102p	Assoc. Dairies 9¾% Pref.	103p	......
‖	Nil	23/2	1pm	1pm	Chepstow Race's 5% Cnv. Uns. Ln. 1988	1pm	......
‖	F.P.	26/1	100¼	89¾	Colne Valley Water 8% Red Prf 1983	98½	......
100p	F.P.	28/12	100½	98p	Findlay 8% Cnv. Cum. Red. Prf.	100p	......
100	F.P.	5/1	140	102	Hawley-Leisure 12% Cnv. Uns. Ln. '86-88	140	......
—	F.P.	—	138p	118p	††IAS Cargo Airlines 6% Cnv. Pref. £1	137p	......
‖	F.P.	1/3	101½	100	Mid Kent Water 8% Pref. 1984	100	......
98	£10	—	9½	9½	Mid-Southern Water 8% Red. Pref 1984	9½	......
100p	F.P.	11/1	107p	100½p	Rivington Reed 9½%Cnv.Cum.Red.Pref.	103p	......
97½p	F.P.	6/1	94p	94p	Seascope 10¼% Pref.	94p	......
"		9/3	98p	95p	Shaw Carpets 10% 2nd Cum. Pref.£1	95p	......

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978/9 High	1978/9 Low	Stock	Closing price p	+ or −
60	F.P.	19/1	19/2	78	67	Associated Biscuit	78	+1
126	F.P.	9/2	23/3	171	154	Baker Perkins	167	−4
C$21½	Nil	—	—	$24pm	$18pm	Bank of Nova Scotia	$23pm	+2
60	Nil	—	—	9pm	8pm	Burco Dean	9pm	......
220	F.P.	14/2	6/4	256	238	Haslemere Estates	248	−4
60	Nil	—	—	2pm	2pm	Hawkins & Tipson	2pm	......
67	Nil	—	—	9½pm	7½pm	Macpherson (D)	8½pm	......
58	Nil	—	—	8pm	4½pm	Montfort	4½pm	......
10	F.P.	22/1	23/2	17½	14½	Suter Electrical Defd.	16	......
18	F.P.	14/3	14/3	26¼	23	Swan Ryan Intl.	25¾	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. ≠ Assumed dividend and yield. u Forecast dividend, cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Feb. 15, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., Feb. 14 Index No.	Tues., Feb. 13 Index No.	Mon., Feb. 12 Index No.	Fri., Feb. 9 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	222.77	−1.3	18.21	5.97	7.50	225.74	223.82	219.99	221.44	199.02
2 Building Materials (28)	196.69	−1.6	19.49	6.67	7.06	199.91	198.36	195.11	195.92	175.53
3 Contracting, Construction (28)	330.49	−1.4	23.79	6.23	5.92	335.27	331.89	323.88	328.50	317.26
4 Electricals (15)	528.45	−1.4	14.57	3.59	9.40	535.98	532.52	518.81	522.17	427.42
5 Engineering Contractors (12)	338.63	−1.0	19.84	6.68	6.82	341.95	340.97	338.08	348.32	285.21
6 Mechanical Engineering (73)	173.37	−1.4	19.25	6.42	6.92	175.78	173.61	171.62	172.73	157.58
8 Metals and Metal Forming (16)	155.21	−0.6	17.93	9.26	7.75	156.10	155.04	153.60	154.43	160.98
11 CONSUMER GOODS (DURABLE) (53)	201.51	−0.3	17.49	5.38	7.63	202.16	199.91	196.65	197.01	182.77
12 Lt. Electronics, Radio, TV (16)	261.91	—	14.46	3.99	9.69	261.98	258.50	254.60	254.63	218.00
13 Household Goods (12)	158.94	−0.1	18.90	7.34	7.28	159.10	157.98	157.33	158.10	167.75
14 Motors and Distributors (25)	110.91	−0.9	23.06	7.63	5.40	111.95	111.05	108.68	109.16	112.76
21 CONSUMER GOODS (NON-DURABLE) (170)	204.59	−1.1	17.04	6.35	7.76	206.79	205.77	202.54	204.92	186.76
22 Breweries (14)	221.46	−1.4	17.24	6.79	7.36	224.66	223.60	220.90	221.41	208.99
23 Wines and Spirits (6)	289.71	−1.3	16.04	5.15	9.16	293.42	292.05	285.39	286.83	235.10
24 Entertainment, Catering (17)	268.56	−1.1	16.38	7.05	8.12	271.58	270.23	266.58	267.79	209.10
25 Food Manufacturing (19)	194.51	−1.2	19.32	5.71	6.90	196.84	195.74	193.52	194.42	181.85
26 Food Retailing (15)	226.80	−1.0	14.23	5.20	9.56	229.10	227.29	223.66	225.72	185.78
32 Newspapers, Publishing (12)	376.59	−0.2	21.77	6.49	6.51	377.24	376.61	376.51	377.98	313.25
33 Packaging and Paper (15)	130.49	−1.1	19.33	8.08	6.77	131.99	131.40	128.90	130.13	128.10
34 Stores (40)	189.62	−1.1	12.83	5.02	11.18	191.69	190.35	186.40	187.06	175.05
35 Textiles (23)	168.59	−1.2	19.13	8.90	6.77	170.59	169.84	169.06	170.89	170.27
36 Tobaccos (3)	236.77	−0.4	23.95	8.69	4.91	237.84	238.35	234.27	249.69	217.96
37 Toys and Games (6)	90.86	−0.5	24.42	7.15	4.83	91.33	90.06	89.47	90.23	98.53
41 OTHER GROUPS (99)	191.19	−1.2	16.19	6.53	7.95	193.53	191.61	187.78	188.59	181.92
42 Chemicals (18)	273.99	−1.6	16.27	6.91	8.01	278.47	274.48	268.31	269.20	247.69
43 Pharmaceutical Products (7)	235.46	−1.4	11.80	4.94	10.26	238.83	237.36	230.45	231.75	241.31
44 Office Equipment (6)	122.26	−1.2	17.81	6.59	6.84	123.77	123.37	120.98	120.36	123.52
45 Shipping (10)	405.02	−1.0	14.94	7.51	8.49	409.06	408.77	405.81	409.42	446.98
46 Miscellaneous (58)	207.35	−0.7	18.72	6.93	7.06	208.88	206.60	203.62	204.75	189.89
49 INDUSTRIAL GROUP (494)	212.24	−1.1	17.16	6.23	7.73	214.62	213.01	209.35	211.01	194.65
51 Oils (6)	550.65	−0.5	12.68	3.66	8.57	553.36	554.11	549.76	545.43	434.70
59 500 SHARE INDEX	239.83	−1.0	16.40	5.79	7.86	242.27	240.81	237.06	238.38	214.75
61 FINANCIAL GROUP (115)	167.44	−0.7	—	5.87	—	168.66	167.51	165.32	165.30	159.55
62 Banks (6)	200.96	−0.7	23.46	5.87	6.39	202.29	202.48	197.92	197.54	186.16
63 Discount Houses (10)	212.54	−0.2	—	8.59	—	213.03	206.38	204.74	204.48	199.71
64 Hire Purchase (5)	152.59	−2.2	20.93	5.73	6.13	156.13	155.84	153.99	153.16	146.64
65 Insurance (Life) (10)	127.27	−0.8	—	7.38	—	128.32	127.24	126.08	126.18	132.96
66 Insurance (Composite) (7)	115.27	−1.2	—	7.61	—	116.63	116.18	115.75	115.88	123.95
67 Insurance Brokers (10)	299.67	−0.5	14.17	6.42	10.06	301.10	296.53	292.37	293.39	308.41
68 Merchant Banks (14)	76.64	—	—	6.54	—	76.60	75.65	74.91	75.05	77.84
69 Property (43)	284.15	−0.6	3.72	2.84	43.03	285.88	282.15	278.16	277.88	194.16
70 Miscellaneous (10)	111.16	+0.1	20.32	7.09	6.12	111.03	109.86	109.05	109.51	104.39
71 Investment Trusts (111)	207.33	−0.5	—	5.16	—	208.37	206.07	205.31	206.59	182.73
81 Mining Finance (4)	118.79	−0.9	15.82	5.99	7.78	119.83	119.99	121.24	120.06	98.15
91 Overseas Traders (20)	317.45	−0.1	15.13	7.73	8.45	317.84	318.83	316.76	318.00	272.83
99 ALL-SHARE INDEX (750)	221.27	−0.9	—	5.81	—	223.29	221.91	218.89	219.78	199.09

FIXED INTEREST PRICE INDICES

British Government	Thur., Feb. 15	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	100.65	+0.06	—	1.63
2 5-15 years	104.52	−0.37	—	1.10
3 Over 15 years	107.92	−0.41	—	1.55
4 Irredeemables	116.23	−0.47	—	0.00
5 All stocks	104.25	−0.21	—	1.46

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.	Thur., Feb. 15	Wed., Feb. 14	Year ago (approx.)
1 Low Coupons 5 years	10.60	10.66	7.78
2 Low Coupons 15 years	12.29	12.29	10.07
3 Low Coupons 25 years	13.11	13.01	10.53
4 Medium Coupons 5 years	13.77	13.72	9.94
5 Medium Coupons 15 years	13.81	13.75	11.05
6 Medium Coupons 25 years	13.81	13.75	11.19
7 High Coupons 5 years	14.17	14.17	10.52
8 High Coupons 15 years	14.39	14.32	11.99
9 High Coupons 25 years	14.35	14.28	12.11
10 Irredeemables	12.83	12.75	10.30

	Thurs., Feb. 15 Index No.	Thurs., Feb. 15 Yield %	Wed. Feb. 14	Tues. Feb. 13	Mon. Feb. 12	Fri. Feb. 9	Thur. Feb. 8	Wed. Feb. 7	Tues. Feb. 6	Year ago (approx)
15 20-yr. Red. Deb & Loans (15)	51.80	‡14.45	52.27	52.24	52.21	52.50	52.51	52.71	52.86	61.50
16 Investment Trust Prefs. (15)	47.99	14.63	48.01	47.88	47.88	47.01	47.01	47.95	48.15	57.08
17 Coml. and Indl. Prefs. (20)	67.76	13.85	67.64	67.41	67.49	68.29	68.58	69.07	69.53	77.15

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allied Hambro Group (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fd.

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Cres. Internat'l	60.6	65.0	−0.1	1.00
Cres. High. Dist.	44.2	47.4	−0.2	9.60
Cres. Reserves	39.2	42.0xd	−0.2	5.33
Cres. Tokyo	25.1	27.0	−0.2	1.94

Discretionary Unit Fund Managers

22, Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Feb. 9	177.5	189.1	.....	5.08

E. F. Winchester Fund Mngt. Ltd.

Old Jewry, EC2. 01-606 2167

Great Winchester	17.7	19.3xd	.....	5.02
Gt. Winchester O'seas	17.90	19.8xd	.....	4.49

Emson & Dudley Tst. Mngmnt. Ltd.

20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	70.3	75.6	.....	7.00

Equity & Law Un. Tr. M. (a)(b)(c)

Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.7	70.2	−0.8	4.54

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs. (a)

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd. (a)(c)

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

General	170.4	182.5	+1.2	6.40
(Accum. Units)	270.6	288.2	+1.7	6.40
High Income	102.6	109.5	+0.6	9.18
(Accum. Units)	177.6	189.1	+1.1	9.18
Japan	169.5	180.5	−0.3	3.47
(Accum. Units)	172.0	183.2	−0.3	3.47
Magnum	205.1	220.5xd	+0.7	4.98
(Accum. Units)	263.0	282.7	+0.9	4.98
Midland	182.1	193.9	+1.1	7.51
(Accum. Units)	308.7	329.8	+1.8	7.51
Recovery	91.5	97.4xd	+0.5	3.72
(Accum. Units)	95.4	101.6	+0.6	3.72
Second Gen.	175.2	190.1	+0.8	5.54
(Accum. Units)	271.2	294.2	+1.3	5.54
Smaller Companies	173.0	186.0xd	+0.9	4.15
(Accum. Units)	223.5	240.3	+1.2	4.15

Specialised Funds

Trustee	145.4	153.4	+1.4	6.96
(Accum. Units)	290.3	306.2	+2.7	6.96
‡‡Charibond Feb. 13.		98.9xd	.....	13.09
‡‡Charifund Feb. 13.	143.4	145.6xd	.....	8.57
(Accum. Units)	190.9	193.8	.....	8.57
Pens. Ex. Feb. 12	139.1	146.7	.....	6.10

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper Securities Ltd.

Schlesinger Trust Mngrs. Ltd. (a) (z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd. (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a) (g)

Target Tst. Mgrs. (Scotland) (a) (b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd. (a)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

CORAL INDEX: Close 447-452

INSURANCE BASE RATES

†Property Growth	12%
†Vanbrugh Guaranteed	12.62%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I.o.Man)

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

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Hill Samuel Invest. Mgmt. Intnl.

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Kleinwort Benson Limited

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Management International Ltd.

M & G Group

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Mgt. (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Stronghold Management Limited

Surinvest (Jersey) Ltd.

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978-79 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97	94⅝	Treasury 3pc '79‡‡	96xd	......	3.13	10.27
97⅞	95⅛	Electric 4¼pc '74-79	96⅛	......	4.41	10.51
104 11/16	98 1/16	Treasury 10½pc '79‡‡	98 9/16	+1/16	10.65	12.56
96½	94½	Electric 3½pc '76-79	94¾	......	3.69	10.78
103⅝	95⅞	Treasury 9pc 1980‡‡	96 13/16xd	+1/16	9.30	12.35
102 13/16	95 1/16	Treasury 9½pc '80‡‡	96 11/16	+1/16	9.83	12.43
95⅛	92⅝	Treasury 3½pc '77-80	93	+⅛	3.76	9.21
96½	92⅞	Funding 5¼pc '78-80‡‡	93⅛	+⅛	5.64	10.93
110¼	99 1/16	Exchequer 13pc 1980‡‡	99¾	−⅛	13.03	13.10
106¼	96 5/16	Treasury 11½pc 1981‡‡	97¼	−1/16	11.83	13.14
91⅝	88¼	Treasury 3¼pc 1979-81	89½	+¼	3.91	9.39
101¼	92 9/16	Treasury 9¾pc 1981‡‡	93⅜	−1/16	10.44	13.34
97 3/16	89½	Exch. 8¼pc 1981	90⅜	−1/16	9.13	13.17
100¾	91¼	Exch. 9½pc 1981	91 13/16	......	10.33	13.46
87½	84¼	Exch. 3pc 1981	85xd	+1/16	3.53	9.90
98 1/16	95⅜	Treas. Variable '81§§	96⅞	−1/16	14.06	14.99
111	98 1/16	Exch. 12¾pc 1981‡‡	98 1/16	......	13.00	13.57
99⅞	88	Treas. 8½pc '80-82‡‡	89¼	+⅛	9.52	13.04
85⅝	82	Treasury 3pc '82‡‡	82¼	+⅛	3.65	10.00
115⅞	100⅛	Treasury 14pc '82‡‡	101¼xd	−1/16	13.84	13.48
96 13/16	94	Treas. Variable '82§§	95⅜	−1/16	14.28	15.40
96⅜	85⅜	Treasury 8¼pc '82	86¼	−1/16	9.57	13.43
100¼	86½	Exch. 9¼pc 1982	87⅜xd	−1/16	10.59	13.84
96 11/16	84⅝	Exch. 8¾pc 1983	85⅜	−1/16	10.25	13.69
85¼	78¼	Exch 3pc '83	78⅜xd	+⅛	3.83	9.71
114¼	93⅛	Treasury 12pc 1983‡‡	93 13/16xd	+1/16	12.79	14.06
97¼	93⅛	Treas. 12pc '83 A‡‡	93 5/16	+1/16	12.86	14.19
94½	94⅛	Treas. Variable '83	94⅜	......	14.43	15.45
100⅛	84½	Treasury 9¼pc '83	84 13/16	−1/16	10.89	13.93
95 3/16	85½	Exch. 10pc 1983	85⅞	......	11.65	14.11
89⅝	78¾	Funding 5½pc '82-84‡‡	79⅝	+⅛	6.91	10.97
		Five to Fifteen Years				
97⅜	93¼	Exch. 12¼pc 1985	94	......	13.44	14.30
96⅞	80	Treasury 8½pc '84-86‡‡	80½	−¼	10.67	12.84
87⅝	72½	Funding 6½pc '85-87‡‡	73	−¼	9.14	12.16
89⅝	73½	Treasury 7¾pc '85-88‡‡	74	−¼	10.54	12.79
68⅝	58⅝	Transport 3pc '78-88	59⅛	−¼	5.11	9.84
75⅝	61⅛	Treasury 5pc '86-89	61⅞	−⅛	8.31	11.60
115¼	93¾	Treasury 13pc 1990‡‡	94¾	−⅛	13.89	14.16
89⅜	72¼	Treasury 8¼ 87 90‡‡	73½	−¼	11.45	13.02
106½	86¼	Treasury 11¾pc 1991	87⅜	−⅛	13.63	14.17
75⅛	60⅜	Funding 5¾pc '87-91‡‡	61⅛	−¼	9.68	12.32
112⅛	91	Treasury 12¾pc '92‡‡	92	−⅛	13.99	14.26
96⅜	75½	Treasury 10pc 1992	76⅜xd	−⅛	13.07	13.97
113	86¾	Exch. 12¼pc '92	87¾xd	−⅛	13.91	14.28
110⅝	89¼	Treasury 12½pc '93‡‡	90¼	−⅛	14.03	14.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL BANK

101	79¾	5pc Stock '77-82	88½xd	......	6.21	11.97

CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Financial

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1978-79 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	22	......	—	—
41	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	f3.10
22	6	Chinese 4½pc 1898	19	......	—	—
35	4½	Do. 5pc 1912	28	−3	—	—
20½	4½	Do. 5pc 1925 Boxer	18½	......	—	—
415	350	German Yng. 4½pc.	415	......	4½	—

BONDS & RAILS—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 45¾% (based on US$2.0050 per £)
Conversion factor 0.6850 (0.6806)

CANADIANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 45¾% (based on $2.3957 per £)

BANKS AND HIRE PURCHASE

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
181½	91½	Fraser Ans. 10p	134	......	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
199	157	Gerrard Natnl.	188	......	g9.12	—	7.2	—	
59	37	Gibbs (A.)	46	......	2.23	—	7.2	—	
255	195	Gillett Bros. £1.	220	......	15.41	—	10.5	—	
29	19	Goode D't Mry.5p	20½	+½	0.13	—	0.9	—	
142	96	Grindlays	117	+1	2.79	7.1	3.6	4.2	
130	93	Guinness Peat	103xd	......	H5.67	—	8.2	—	
217	155	Hambros	176	......	†9.76	—	8.3	—	
100	78	Hill Samuel	81	......	†4.97	—	9.2	—	
600	50	Do. Warrants	50	......	—	—	—	—	
360	203	Hong Shng.$2.50	285	......	h059c	—	2.4	—	
69	52	Jessel Toynbee	60	......	g3.65	—	9.1	—	
215	150	Joseph (Leo) £1	150	......	8.74	—	8.7	—	

BANKS & HP—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES AND SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICAL AND RADIO

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING MACHINE TOOLS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Continued

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES—Cont.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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INDUSTRIALS—Continued

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
76¼	60	Hawkins & Tipson.	60xr	......	4.46	2.4	11.1	4.5
36¼	7¼	Hawtin 5p	15½	......	—	—	—	15.7
78	34	Hay (Norman) 10p	63	......	†3.05	2.1	7.2	9.8
164	120	Hay's Wharf £1	140	......	5.52	2.7	5.9	8.4
100	72½	Hepworth Cmc.	74½	−½	3.35	3.8	6.7	5.7
112	64	Hestair	65	−2	16.99	3.1	16.1	(2.5)
25	20	Hewitt (J.) 5p	25	......	1.05	4.3	6.5	5.7
65	45	Highgate & Job 50p.	50	......	‡2.54	2.4	‡	8.4
117	77	Hill (Chas.) £1	82	......	‡7.37	—	‡	—
38	28	Hirst Mal'son 20p	37	......	2.0	ϕ	8.3	ϕ
82	61	Holden (A.)	79	......	g3.62	3.9	6.8	6.3
74	59	Hollis Bros.	65	......	†4.56	1.8	10.5	7.9
377	119½	Holt Lloyd Int. 10p	154	......	†7.11	2.0	6.9	11.2
390	198	Hoover 'A'	204	+2	15.04	2.0	11.0	6.9
*175	119	Hoskins & H 20p.	134	......	M10.39	2.0	11.6	11.4
38¼	23½	Howard Tenens	23¾	−¼	1.91	1.9	12.0	5.5
208	78½	Hunting Assoc.	160	−2	†h1.99	9.2	1.9	8.8
65	23⅝	Huntleigh 10p	62	+1	†h0.68	7.0	1.6	13.2
118	49	Hutch Whamp SHK1	67	+1	†Q20c	2.3	3.5	13.8
28½	11⅞	Hyman (I. & J.) 5p	25	......	h0.97	3.9	5.8	6.8
124⅝	£14½	I.C. Industries‖	£18¾	+½	Q$1.52	—	4.1	—
487	206	ICL £1	445	−3	8.29	7.4	2.8	5.3
400	308	Imp. Cont. Gas £1	395	−5	g9.96	3.3	3.8	9.3
33	22	Ingall Inds. 10p	31	+½	1.87	1.6	9.0	10.3
98	61	Initial Services	94½	......	$5.06	2.8	8.0	6.4
20½	8	Inter-City 20p	18½	......	†0.61	2.7	4.9	11.4
54	39	James (John)	49	−3	†d2.76	2.8	8.7	4.7
17	9½	James (M.) Inds. 20p	15¼	......	d1.02	1.3	9.9	11.3
307	149	Jardine M. SHK6	193	−1	KQ71c	2.9	3.9	11.0
34½	23½	Jentique	30½	......	2.22	ϕ	10.9	ϕ
*12½	9½	Johnson & Barnes	10	......	—	—	—	—
121	76½	Johnson Clnrs.	118	−½	†3.95	4.0	5.0	5.5
200	150	Johnson Mthy. £1	195	......	†h5.53	3.4	4.2	9.8
45	32	Jourdan (T.) 10p.	37	......	†2.93	2.7	11.8	4.0
37½	28	Kalamazoo 10p	36	−½	2.16	1.8	9.2	8.9
136	88	Kelsey Inds.	131	−5	3.61	7.5	4.1	4.8
50	23	Kennedy Sm. 10p	45xd	+1	H1.77	3.1	5.9	9.1
£14	900	Kershaw (A.) 5p.	£11¾	......	23.25	ϕ	3.0	ϕ

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

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OVERSEAS TRADERS

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RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

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Sri Lanka

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Africa

[illegible]

MINES

CENTRAL RAND

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EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
15	9	Acmex	14	......	—	—	—
171	64	Bougainville 50 Toea	162	+3	Q15c	1.4	5.9
139	63	BH South 50c	132	−1	—	—	—
820	150	Central Pacific	425	......	—	—	—
336	148	Conzinc Riotinto 50c.	296	+6	Q10c	ϕ	2.1
32	19	Cultus Pacific N.L.	28	......	—	—	—
27	9½	Endeavour 20c	20½	......	—	—	—
91	45	G.M. Kalgoorlie $1.	84	+2	—	—	—
68	18	Haoma Gold N.L.	35	......	—	—	—
158	81	Hampin Areas 5p.	152#	......	ϕ13.55	2.0	3.5
40	10	Metals Ex. 50c	35½	+½	—	—	—
275	125	M.I.M. Hldgs. 50c	254	+3	†Q9c	1.7	2.0
22	10	Minefields Expl.	15	......	—	—	—
74	10	Mount Lyell 25c	58	......	—	—	—
43¾	11¾	Newmetal 20c	25	......	—	—	—
143	79	North B. Hill 50c	134	......	Q8c	1.3	3.4
21	8½	Nth. Kalgurli	21	......	—	—	—
50	12	Nth. West Mining	31	......	—	—	—
178	115	Oakbridge $A1	129	......	Q12c	1.9	5.3
42	10	Oilmin N. L.	32	+6	—	—	—
102	30	Pacific Copper	94	+2	—	—	—
£15½	725	Pancont'l 25c	975	......	—	—	—
40	12	Paringa M&Ex.5p	23	......	—	—	—
570	310	Peko-Wallsend 50c.	472	......	Q15c	3.3	1.8
300	50	Southern Pacific	190	+5	—	—	—
174	84	Westn. Mining 50c.	165	+2	Q3c	0.7	1.0
11	7	Westmex	11	+2	—	—	—
100	35	Whim Creek 20c	65	......	—	—	—

TINS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29	......	2.81	1.3	14.4
435	240	Ayer Hitam $M1	400	......	Q300c	0.5	16.1
60	45	Beralt Tin	53	......	4.0	ϕ	11.3
305	190	Berjuntai $M1	250	−5	†Q110c	1.0	10.4
185	111	Geevor	155	......	H5.57	5.8	5.4
11	8½	Gold & Base 12½p	9	......	—	—	—
350	220	Gopeng Cons.	320	......	18.0	ϕ	8.4
340	130	Hongkong	340	......	12.5	ϕ	5.5
93	64	Idris 10p	67	......	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	......	—	—	—
84	63	Kamunting $M0.50	75	......	†Q12.5c	2.1	3.6
255	133	Killinghall $M1	255	......	—	—	—
470	280	Malay Dredging $M1	425	......	Q175c	0.7	8.8
78	40	ΔPahang	48	......	—	—	—
78	50	Pengkalen 10p	63	......	4.5	ϕ	10.7
270	165	Petaling $M1	230	+5	Q120c	1.3	11.2
87	49	Saint Piran	77	+1	†2.03	6.5	3.9
70	47	South Crofty 10p	56	......	†4.19	2.0	11.2
245	140	South Kinta $M0.50	185	+5	†sQ145c	0.6	16.8
370	230	Sthn Malayan $M1	350	+5	Q190c	1.0	11.7
245	134	Sungei Besi $M1	230	......	mQ65c	5.3	6.1
85	55	Supreme Corp. $M1	73	......	ZQ10c	—	2.9
105	84	Tanjong 15p	100xd	......	6.60	0.8	9.8
270	148	Tronoh $M1	245	+15	‡Q88c	1.6	‡

COPPER

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
104	54	Messina R0.50	98	......	—	—	—

MISCELLANEOUS

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
74	35	Barymin	67	−1	—	—	—
17	9	Burma Mines 17½p	11½	......	—	—	—
325	165	Cons. Murch. 10c.	290	+5	—	—	—
465	245	Northgate C$1	395	+5	—	—	—
284	164	R.T.Z.	275	−3	9.5	2.8	5.2
90	30	Sabina Inds. C$1.	57	−1	—	—	—
£12	687	Tara Expln. $1	850	−6	—	—	—
240	120	Yukon Cons. C$1	230	−5	Q7c	2.9	1.3

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978-79 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$15¾	$10¾	Buffels R1	$13	+¼	Q190c	ϕ	16.8
$11¾	830c	East Drie R1	£10⅝	+¼	Q115c	ϕ	12.5
585c	330c	East Rand Prp. R1	410c	+10	Q10c	—	—
$28⅜	$16½	F.S. Geduld 50c	$23¾	+¼	Q315c	2.4	15.2
$15⅛	975c	Pres. Brand 50c	$13⅛	+½	Q150c	3.2	13.1
$13½	900c	St. Helena R1	$13¼	+¼	Q190c	1.4	16.5
510c	313c	Stilfontein 50c	505c	+10	Q66c	2.3	15.0
$23¾	$16¾	Vaal Reefs 50c	$22¾	+½	Q280c	ϕ	14.1
$37	$25	West Drie R1	$32½	+½	†Q385c	1.7	13.6
$31¼	$19	West Hldgs. 50c	$28⅞	+⅜	Q415c	1.4	16.8
$13	895c	Western Deep R2	$11⅞	+⅛	Q147½c	2.4	14.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ■ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	26	......
Ash Spinning	106	......
Bertam	20	......
Bdg'wtr. Est. 50p	324	......
Clover Croft	28	......
Craig & Rose £1	615	......
Dyson (R. A.) A	37	......
Ellis & McHdy.	68	......
Evered	26	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	122	......
Higsons Brew	70	......
Holt (Jos) 25p	252	......
I.O.M. Stm. £1	232	......
Pearce (C. H.)	200	......
Peel Mills	24	......
Sheffield Brick	54	+3
Sheff. Refrshmt.	70	......
Sindall (Wm.)	120	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£88xd	......
Alliance Gas	108	......
Arnott	395	+5
Carroll (P.J.)	92	......
Clondalkin	95	......
Concrete Prods.	135	......
Heiton (Hldgs.)	60xd	......
Ins. Corp.	162	......
Irish Ropes	98	−2
Jacob	50	......
T.M.G.	180	−5
Unidare	90	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Unilever	35
BOC Intl.	6	"Imps"	6	U.D.T.	4
B.S.R.	8	I.C.L.	40	Utd. Drapery	7½
Babcock	11	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	32	Ladbroke	14	**Property**	
Blue Circle	18	Legal & Gen.	14	Brit. Land	3¼
Boots	15	Lex Service	7	Cap. Counties	4½
Bowaters	14	Lloyds Bank	22	E.P.	3½
B.A.T.	24	"Lots"	4	Intereuropean	5
Brown (J.)	33	London Brick	6	Land Secs.	16
Burton 'A'	16	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	"Mams"	12	Samuel Props.	9
Debenhams	8	Mrks. & Spncr.	7	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	5	N.E.I.	12	Brit. Petroleum	45
Eagle Star	10	Nat. West. Bank	22	Burmah Oil	8
E.M.I.	14	Do. Warrants	10	Charterhall	2½
Gen. Accident	17	P & O Dfd.	7	Shell	28
Gen. Electric	18	Plessey	8	Ultramar	16
Glaxo	40	R.H.M.	5	**Mines**	
Grand Met.	7½	Rank Org.	18	Charter Cons.	12
G.U.S. 'A'	20	Reed Intnl.	12	Cons. Gold	12
Guardian	18	Spillers	3½	Rio T. Zinc	16
G.K.N.	22	Tesco	4		
Hawker Sidd.	26	Thorn	22		
House of Fraser	12	Trust Houses	£18		
		Tube Invest.	30		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday February 16 1979

Council staff resume talks

BY PAULINE CLARK AND ALAN PIKE

LEADERS OF 1.1m council workers resume pay negotiations with employers today as more Labour-controlled councils in London prepare to follow Camden's example in supporting the £60 minimum wage claim.

Union officials said yesterday that several controlled Labour groups were this weekend planning either to make policy statements favouring settlements of up to 33 per cent for some workers or to declare their intention of starting local negotiations along those lines.

Today's meeting will be the first between the two sides in the local authority manual workers' dispute since the unions rejected an 8.8 per cent offer last week.

There were high hopes in Whitehall yesterday that negotiations will begin in earnest on a probably 9 per cent basic pay offer with a promise of more to come in two stages from next August, after a comparability study with the private sector.

In the Commons yesterday the Prime Minister chided both sides in the dispute for failing to reach a settlement this week. "There is—and has been for nearly a week, the basis for an honourable settlement," Mr. Callaghan told MPs. He urged the local authority employers and unions "most urgently" to reach agreement.

About 250,000 hospital ancillary workers have joined the council workers in the campaign of selective industrial action that has been going on for four weeks over low pay in the public services. Any progress made in the local authority talks would probably lead quickly to negotiations in the health service over a rejected 8.8 per cent offer.

Parliament, Page 14: Politics Today, Page 25.

Freeze has 'almost wiped out crops'

BY CHRISTOPHER PARKES

CROPS of spring vegetables in the West Country have been virtually wiped out by the freezing weather, farmers said yesterday. Snow drifts and appalling conditions in the fields are also making it impossible for growers to pick and transport winter vegetables which are now ready for market.

Autumn-sown grain crops are feared lost in the freeze and there is a growing danger that there may be shortages of seed when farmers begin to replant damaged fields.

French farmers, estimated to have lost huge grain acreages in Arctic conditions, have been buying large shipments of British seed to help repair the damage.

The first spring lambs are in danger from the cold. Hill sheep are short of fodder, and blocked roads are preventing fuel and feed lorries from reaching remote farms.

Milk collection tankers are also having difficulties getting through in some regions.

The National Farmers' Union warned that because of frost damage there was likely to be an acute shortage of leeks, cabbage, cauliflowers and broccoli in the spring.

Three-quarters of the Cornish cauliflower crop, worth an estimated £2.5m, is feared lost.

"We predict an acute shortage of all spring vegetables," the union said. "The severe spring frost early in the New Year started the trouble and the latest icy blasts have accounted for anything that survived."

In East Anglia, where conditions are said to be the worst since the disastrous winter of 1962-63, picking of green vegetables and lifting of root crops has been brought to a standstill.

Yesterday's gale-force winds piled snow drifts up to 8 ft deep, farmers said.

In the North snow was between 6 ins and 6 ft deep. Farmers were having to carry feed to sheep on their backs. Water was short and hay prices had jumped to £100 a ton. There are also fears for the lives of unborn lambs because ewes were undernourished.

North Kent and East Sussex market gardeners are having problems picking vegetable crops and some difficulties with transport.

The farmers' Union of Wales has asked the Ministry of Agriculture for cash to pay for airlifting feed to sheep stranded on snow-covered high ground, claiming that conditions there were the worst since 1947.

Lucas product spread talks

LUCAS INDUSTRIES has agreed with the Government and the trades unions to examine union proposals for introducing new products in its Aerospace division to reduce its dependence on defence components and thus save jobs.

At the same time, the group has given guarantees on redundancy and reduced the number of jobs which will be lost as a result of the closure of its aerospace plants at Liverpool and Bradford.

The Confederation of Shipbuilding and Engineering Unions and the Department of Industry have agreed to the closure, announced last year, of the two existing Lucas Aerospace plants in the two cities, though work on two new plants at Huyton, on the edge of Liverpool, and Bradford, is to start soon. Those will be built with the aid of £8.1m in Government grants.

Lucas Aerospace has agreed that the Huyton factory will now employ 800 workers rather than the original 500, and has given commitments that there will be no compulsory redundancies at the present Bradford plant, which employs 750 people, and none within the next two years at the Victor works factory in Liverpool, which employs 1,450.

Increase

The agreement was reached at a meeting between Mr. Gerald Kaufman, Industry Minister, management officials and Confederation representatives including Mr. Alex Ferry, general secretary.

A tripartite working group, reporting directly back to Mr. Kaufman, will be set up to consider a limited number of alternative products suggested by both the unions and the company.

An unofficial shop stewards' combine committee has been pressing a range of "socially useful" alternative products since 1975 to steer the company away from what it says are declining traditional defence markets.

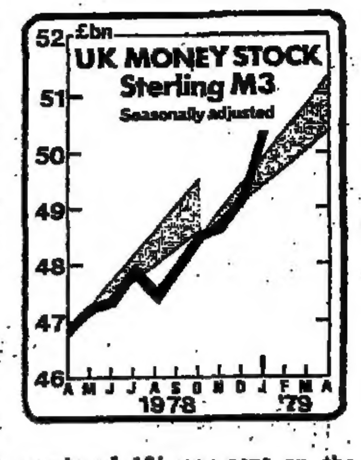
A Confederation committee this week published an interim report, Lucas Aerospace—Turning Industrial Decline into Expansion; a Trade Union Initiative, which broadly follows the shop stewards' proposals and will provide a working basis for the tripartite group.

News analysis, Page 12

THE LEX COLUMN

Taylor Woodrow develops yield

Index fell 6.8 to 450.6



Dividend gymnastics have been the rule in the construction sector recently, with Laing, Costain and Wimpey going through the contortions of reorganisation to increase their shareholders' income. This has left Taylor Woodrow's yield, at 3 per cent two days ago, well below par. The company has been unwilling to split itself up, like Laing, into separate property and building sides, and it is tempting to see the 50 per cent dividend increase, which yesterday's £18.5m rights offer permits, as the principal reason for the issue.

The company maintains that it needs the money and that the dividend freedom is a secondary if not last, consideration. Net cash of around £25m in the balance sheet during 1978, has probably fallen to around £20m over the year, and only about half this money is in the UK. TW will need £17m over three years for the St Katherine's Dock development in London, which it considers should not be financed with short-term borrowings.

TW has come up with a property revaluation which takes its investment portfolio to the region of £115m. Not only does this lower the group's gearing, it also boosts net assets to over £140m before taking 1978 profit retentions into account. The company, at an ex-rights price of 340p, is valued by the market at just about £100m, and it seems a little hard on TW shareholders to ask them to provide money for investment in assets that the equity market is writing down.

Yesterday the shares fell 33p to 347p, not helped by an unexciting profit forecast for 1978 of £23m pre-tax, compared with the previous year's £22.4m and general expectations of £24m-£25m. Stripping out the final dividend from the existing shares, the new equity stands at a discount of only 7½ per cent The company presumably takes a gloomy view of the market's short-term prospects, as it is in no hurry for the cash. Over £140m now has to be found in the next month for the new shares in Rank, Sedgwick Forbes and TW.

Money supply

By raising Minimum Lending Rate to 14 per cent last week the authorities had effectively defused the gilt-edged market's immediate worries about the money supply. Consequently, yesterday's figures showing a 2.6 per cent growth for sterling M3 in January were taken to be of mainly academic interest.

For those that bothered to work it out this implied an annualised growth in the money supply of 16¼ per cent on the basis of the last three months. This is way above the official 8-12 per cent target. But the official line seems to be that even if the money supply was out of control in this latest period, this is no longer the case. The combination of higher interest rates and £800m or so of gilt sales—the short tap, Treasury 12 per cent 1983 "A." was exhausted yesterday—has seen to that. Even so, the authorities are likely to continue to push their funding programme ahead by bringing out another long tap either today, or next week, so that it falls in the March banking month.

With the February banking month making up next Wednesday, the next set of money supply figures should look better, with luck. The authorities have been remarkably successful in selling gilts over the past week and the CGBR should show a hefty surplus. Against this, bank lending is accelerating rapidly. Over the past three months it has grown by £1.2bn. — the comparable figure in the same period last year was £0.7bn.

Consequently the temporary reduction in special deposits, which will inject £760m of extra liquidity into the money markets, has let the banks off the hook. The official explanation is that it is being done to ease the shortages caused by the heavy gilt sales. However, it will also ease the corset pressures now building up on the banks by enabling them to reduce their reliance on interest bearing eligible liabilities, which had been growing embarrassingly quickly.

Rank Organisation

Shares in Rank Organisation have been a popular target for the bears in the three weeks since the rights issue was announced. For some days the share price has been hovering just above the rights price of 225p—it was 228p last night—with the bears aware that Rank at some stage may try to place around 2.5m shares which, because of SEC regulations, cannot be offered to U.S. shareholders. In theory this placing could happen any time after dealings in the nil paid begin next Tuesday. If the sponsors cannot see a worthwhile premium, however, they can delay the sale until the issue closes and the responsibilities, if any, of the underwriters, are worked out.

Meanwhile word is that the institutions are being assured that the rights issue does not foreshadow any great wave of acquisitions—nothing, for instance, on the scale of the £20m takeover of Leisure Caravans—but is only intended to give room for minor additions to existing operations like Butlin's and Rank Precision Industries. At the same time, Rank is strongly resisting any suggestions that it should confine itself to being a vehicle for the channelling of Xerox earnings (at present Rank Xerox generates around 80 per cent of Rank's pre-tax profits) and Xerox fanciers are gently steered in the direction of Xerox Corporation or the listed Rank subsidiary Kershaw.

Rank's anual report, out today, shows that the group achieved useful reductions in net borrowings last year—from £265m to £214m. This makes it harder rather than easier to understand why the group has chosen this particular time to launch the issue. Perhaps the chairman, Mr. Harry Smith, will give an explanation at the extraordinary meeting on Monday, and will also give an assurance that the new money will earn more than the pre-interest return of 9.7 per cent generated by Rank's non-Xerox operations in 1977-78.

ECGD and Iran

The mounting economic chaos in Iran has forced the Export Credits Guarantee Department to take the drastic step of suspending insurance cover on new business with the country. In terms of exposure Iran is ECGD's third most important market—it has over £900m at risk. But the moment ECGD feels that its losses will not be as large as in the case of Turkey where it has paid out around £60m so far, and to its credit, is nowhere near as exposed as the French and German export credit agencies. Even so if ECGD is to continue operating along "commercial lines" its credit country appraisal techniques badly need overhauling.

Attack on self-regulation of U.S. options trading

BY JOHN WYLES IN NEW YORK

THE U.S. securities industry's self-regulation of options trading came under sharp attack yesterday from an 800-page Securities and Exchange Commission staff report urging much stricter regulation of options markets.

The long-awaited report from a 35-strong task force which worked on the study for a year is likely to worry and disappoint the securities industry. It raises the threat of tighter Commission supervision and makes no specific recommendation on whether the 18-month moratorium on expanding options trading should be ended nor does it say whether the New York stock exchange should be permitted to implement plans to trade options.

Started by the Chicago Board options exchange in 1973, options trading has gained rapidly in popularity and become an important source of income for the securities industry and a means of hedging risks for many investors.

But a conviction that manipulation of options prices was becoming widespread and that investors lacked adequate protection from unscrupulous brokers prompted the Commission to order in October 1977 the most comprehensive study yet undertaken of options trading. The self-regulatory activities of the options markets were one of the principal objects of study.

Call options — the right to buy shares at a specified price before a specific deadline—are now traded on the American, Pacific, Midwest and Philadelphia stock exchanges as well as the Chicago Board options exchanges. A few Put options—the right to sell shares under similar conditions — are also traded.

Moratorium

The attraction of Call options to investors is that they have to put up only a small amount of cash in comparison with what would be required to buy the underlying stock outright, while enjoying the opportunity to make a large capital gain.

The report is now being considered by the Commission, which is expected to publish its opinion of the 75 specific recommendations it contains before the end of this month.

At the same time the Commission will indicate what it intends to do about the moratorium on the expansion of options markets.

Mr. Richard C. Teberg, the study director, acknowledges that the report is unable to provide definitive answers to all the questions posed by the Commission about the ability of the exchanges to regulate options trading in such a way as to prevent fraud, deception and manipulation.

"Thus in many respects the options study is a beginning. Its efforts should be continued as part of a regular Commission programme of oversight of the options markets," says Mr. Teberg.

The study recommends actions to be taken by the Commission and the securities industry's self-regulatory organisations, and includes proposals for rule changes and for further study.

Mr. Teberg says that investigations revealed "numerous instances of sales practices abuses in which registered representatives told investors of possible rewards they might expect from options without simultaneously warning them of the risks inherent to options trading."

The task force believes that "its recommendations for improved internal controls by brokerage firms, enforced by self-regulatory organisations' rules and actively overseen by the Commission, will protect investors from many of the selling practices currently found in the options markets, while at the same time fostering better understanding of the risks of options trading by public customers," says Mr. Teberg.

German group seeks Iran talks

DEUTSCHE BABCOCK, the West German plant construction and mechanical engineering group, is seeking talks with Iran about the country's 25.02 per cent blocking minority stake in the company. Nonetheless, the company said yesterday, it is "unperturbed" about its relationship with Iran, although it has yet to hear what the new regime in Tehran plans to do with its stake.

Herr Hans Ewaldsen, chairman, said: "As soon as there is someone in Tehran to talk to, we would like to discuss the future and to offer the new Government our full co-operation."

There was no doubt, he said, that the new Iranian Government was the legal owner of the shares, which are currently worth around DM 300m (£80m). Deutsche Babcock had satisfied itself in 1975 that the shares were lodged with the Finance Ministry and not in the Shah's name.

Nonetheless, Deutsche Babcock may find itself in a delicate position at next month's regular meeting of its supervisory board on March 14. Mr. Cyrus Ansary, the close associate of the Shah who has represented Iran's interests, will under German law remain entitled to take part and to exercise his voting power unless the new Iranian Government replaces him before the meeting.

Deutsche Babcock is prepared for the possibility that Iran's shares, bought in 1975 from the British Babcock and Wilcox group, would now be up for sale, said Herr Ewaldsen.

Exchange controls should end, Wilson committee is told

BY CHRISTINE MOIR

EXCHANGE CONTROLS and the restrictions put on the use of sterling in third-party trade should be abolished, the Committee on Invisible Exports has told the Wilson Committee on the financial institutions.

Scrapping these controls would lead to substantial growth in Britain's earnings from invisible exports and so boost the balance of payments surplus expected over the next five years.

Mr. Peter Leslie, representing the banks, said that restrictions put on the use of sterling abroad had probably cost the country £600m a year since they were applied in 1976. In effect the new regulation meant the disappearance of transactions in sterling trade bills.

A substantial amount of this business had gone to other countries but it could be won back.

Relaxing or abolishing the present exchange control rules would also be an advantage during a period when the country's balance of trade would be in surplus.

Mr. W. M. Clarke, director general of the committee, pointed out that since joining the Common Market the invisible surplus of the financial sector in Europe had doubled from £110m to £250m, compared with a doubling of the visible deficit in the same area. "If there were some lowering of restrictions we could earn even more," he said.

Fears that abolition of exchange controls would lead to massive outflows of money were unfounded.

"At the time when the currency is considered strong enough to allow the lifting of exchange controls you will find that people are more concerned to look after their own portfolio interest in the country they know best," said Mr. Dundas Hamilton, a former deputy chairman of the Stock Exchange.

The committee also agreed that the tradition of self-regulation in British financial markets was its greatest attraction abroad, and a major reason why multinational companies chose to set up here rather than in other countries.

That would be damaged by moves towards nationalisation of banks or insurance companies or by further statutory controls.

These views were echoed by the insurance industry and the Lloyd's of London groups in their oral evidence to the Wilson Committee. This has just been published as volume two of the second stage evidence to the committee by the Stationery Office.

Committee to Review the Functioning of Financial Institutions. Second Stage Evidence. Volume 2. The insurance companies, Lloyd's of London, Committee of Invisible Exports. SO.

Insurers' evidence, Page 9: Editorial comment, Page 24

Weather

UK TODAY

SNOW SHOWERS in most areas except for Ulster and central and north west Scotland where it will be mainly dry with sunny intervals.

London, Cent. S. England, Midlands, Cent. N. England, Eastern England

Outbreaks of snow, drifting in some places.

S.W. England, Wales, Lake District, Isle of Man

Scattered snow showers with sunny intervals.

N.E. England, Borders

Mostly cloudy. Heavy snow showers at times. Max. −1C

Scotland

Mainly dry with sunny intervals. Occasional snow showers in Edinburgh and Dundee area. Max. 3C (37F).

● Outlook: Continuing very cold with severe frosts.

Long range forecast: Becoming milder, with a general thaw before the end of the month. After the thaw a good deal of rain likely in all areas, but temperatures will be below average.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Lisbon	F	12	54
Algiers	F	14	57	Locarno	C	9	48
Amsdm.	C	−7	19	London	Sn	−2	28
Athens	S	17	63	Luxmbg.	C	−3	27
Bahrain	S	23	73	Madrid	F	7	45
Barclna.	C	12	54	Majorca	F	10	50
Beirut	S	19	66	Malaga	C	12	54
Belfast	Sn	−2	28	Malta	F	18	64
Belgrd.	F	16	61	M'chstr	Sn	−3	27
Berlin	Sn	−10	14	Melbne.	C	20	68
Biarritz	C	3	37	Mex. C.	S	21	70
Bmgm.	Sn	−4	25	Milan	C	8	46
Blackpl.	F	−2	28	Mntreal.	S	−19	−2
Bordx.	F	3	37	Moscow	S	−23	−9
Boulgn.	Sn	−2	28	Munich	C	2	36
Bristol	Sn	−3	27	Nairobi	S	24	75
Brussels	C	−4	25	Naples	F	13	55
Budpst.	R	5	41	Nwcstl.	C	−1	30
B. Aires	S	29	84	N. York	S	−7	20
Cairo	S	21	70	Nice	R	9	48
Cardiff	F	−3	27	Nicosia	S	17	63
Cas'b'ca	C	12	54	Oslo	S	−9	16
Cape T.	C	24	75	Paris	Sn	−2	28
Chicago	R	−4	24	Perth	S	33	91
Cologne	Sn	−2	28	Prague	C	2	36
Cpnhn.	Sn	−8	18	Reykjvk.	C	4	39
Corfu	C	15	59	Rhodes	F	17	63
Dublin	Sn	−1	30	Rio J'o	C	27	80
Dbrvnk.	F	13	55	Rome	F	13	55
Ednbgh.	C	−3	27	Salzbrg.	F	2	36
Florence	F	12	54	Singapr.	S	27	81
Frankft.	C	2	36	Stckhm.	S	−13	9
Funchal	S	17	63	Strasbg.	C	4	39
Geneva	F	7	45	Sydney	S	29	84
Gibrltr.	F	13	55	Tangier	C	14	57
Glasgow	F	−2	28	Tehran	S	16	61
G'rnsey	Sn	−1	30	Tel Aviv	S	20	68
Helsinki	S	−17	1	Tenerife	S	13	55
H. Kong	S	23	73	Tokyo	C	12	54
Innsbrk.	F	7	45	Toronto	C	−19	−2
Invrns.	Sn	−2	28	Tunis	F	15	59
I.o.Man	C	−1	30	Valencia	C	15	59
Istanbul	F	14	57	Venice	C	6	43
Jersey	Sn	−2	28	Vienna	R	5	41
Jo'burg	C	24	75	Warsaw	C	−7	19
L. Plms.	S	19	66	Zurich	F	8	46

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Falmouth shipyard bid talks next week

BRITISH Shipbuilders and Bristol Channel Shiprepairers are to meet next week to discuss the latter's bid to take over Falmouth Shiprepairers, whose closure was announced last week.

This follows exchanges between the two organisations in which Bristol Channel, a subsidiary of the C. H. Bailey group, offered to consider amending the terms of its offer to meet British Shipbuilders' requirement that any bid should be commercially advantageous.

Bristol Channel, which is the largest ship-repairer company outside the state-owned sector, has asked for a 15-year renewable lease on the Falmouth dock complex in return for a profit-sharing arrangement with British Shipbuilders.

Continued from Page 1

Light crude oil prices

(originally $14.03) a barrel, and the price of its Marine crude at $14.71 ($13.77) a barrel.

Abu Dhabi has set the first quarter price for Murban, its main crude, at $15.12 a barrel (originally $14.10). This will rise on April 1 to $15.62 a barrel, on July 1 to $15.94 and on October 1 to $16.32. In the last quarter of 1978 the official selling price stood at $13.26.

Continued from Page 1

Vauxhall profit

with 234,166 the previous year.

Sales of Bedford vans and trucks were 27.8 per cent ahead of 1977 at 115,594, with 50.8 per cent going overseas—a record export effort.

Vauxhall's car sales in the UK rose from 120,600 to 130,993 (26.8 per cent of them imported) despite 1978 being a bad year for industrial troubles within the group.

The group's car market share slipped from 9.1 to 8.23 per cent but this year it expects to achieve "well over 10 per cent" of the market. However, the year started badly and in January registrations of Vauxhall cars accounted for only 6.8 per cent of the total because the group was hit by the hauliers' dispute and dealers were—and still are—short of stocks. There is night shift working at all plants to clear up the backlog.

The 1978 profit was "by no means satisfactory in view of the scale of the company's business," Mr. Price said. "But if production and maintain the we can achieve uninterrupted high quality customers expect, we have everything we need to really go places.

Vauxhall's turnover in 1978 was £804.88m (1977, £827.5m). Operating profit was £11.774m (£9.59m). The pre-tax profit of £1.998m (£2.03m loss) was reached after deducting interest and other finance charges of £11.389m (£7.303m); and losses on currency realignments of £2.172m (£4.318m loss) while adding £3.4m received under the Industry Act (nil) and a profit from the sale of land of £382,000 (nil). UK tax took £22,000 last year compared with £150,000 in 1977.

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